



PRCC.10 14/15
Committee: Prosperous Communities
Date: 15th July 2014

Subject: Gainsborough Growth Fund

Report by:	Chief Operating Officer
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Purpose / Summary:	To seek approval for the Gainsborough Growth Fund and to nominate 3 representatives and 3 substitutes to sit on a Funding Consultative Panel which will oversee investment decisions.

RECOMMENDATION(S):

- 1. That Members approve the proposals for the operation and management of Gainsborough Growth Fund.**
- 2. That Members nominate 3 representatives and 3 substitutes to sit on a Funding Consultative Panel which will oversee investment decisions.**

IMPLICATIONS

Legal: Legal advice is being sought to ensure that funding complies with relevant legislation, particularly in relation to State Aid.

It is envisaged that aid offered under this scheme will be subject to De Minimis Regulations which are enforced by the EU. The maximum de minimis funding any recipient can receive is 200,000 Euros (cash grant equivalent) over a 3-year period. Information on previous state aid will be captured through the grant application process.

Financial: The funds required to operate the Gainsborough Growth Fund have been approved as part of the Council's Capital Programme. The funding is made up of £150k from the 'Dragon's Den' fund and £491k from the Growth Point funds (DCLG funding awarded to West Lindsey in respect of its Growth Point status to help facilitate 'growth').

Financial Reference: **FIN/29/15**

Staffing: None as a result of this report. The management, administration and monitoring of the funding scheme will be undertaken by existing staff in the Growth & Projects Team and Finance Team.

Equality and Diversity including Human Rights: The funding programme will be openly promoted and each application will be judged on its own merits in relation to how well it supports the scheme objectives to create or safeguard jobs.

<p>Risk Assessment: Key risks and mitigation measures are outlined below.</p>
<p>Insufficient staffing resources to deliver scheme internally - Agreement on management structure and process from outset.</p> <p>Don't have skills to deliver scheme in house – previous experience of delivering grant schemes; roles and responsibilities clear from outset.</p> <p>Insufficient interest in grants - Additional publicity; consider revising scheme criteria.</p> <p>Applicants cannot secure sufficient match funding to deliver schemes – Potential to sign-post to other complementary schemes or option to withdraw support to affected projects/free up capital to support viable schemes</p> <p>Growth outputs not realised - Funding subject to delivery of outputs so WLDC has ability to withdraw support. Consider on case by case basis by Panel</p>

<p>Climate Related Risks and Opportunities: This scheme is designed to support economic growth. Businesses in the 'green' sector can be supported through this scheme. Economic outputs will be balanced against the impact of any proposal on the environment with 'sustainability' being one of the key assessment criteria.</p>

<p>Title and Location of any Background Papers used in the preparation of this report:</p>
<p>Gainsborough Manufacturing Business Relocation Fund – PC 17th December 2013 and P&R Committee Report 16th January 2014.</p>

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

Yes No

Key Decision:

Yes No

1. Background

- 1.1 The GGF brings together two projects which have been proposed and now approved as part of the Council's Capital Programme for 2014/15+ - The Gainsborough Manufacturing Business Relocation Fund (approved by P&R on 16th Jan 2014 and Council on 3rd Mar 2014) and the Commercial Property Grant Scheme (approved by Council on 3rd Mar 2014).
- 1.2 The GGF proposes to widen the remit of these projects in order to maximize the potential benefits in terms of business growth, job creation and NNDR income for the Council.
- 1.3 The Gainsborough Growth Fund (GGF) aims to attract new commercial investment to the town as well as supporting the growth of existing businesses by providing grants to enable the delivery of specific development projects which will facilitate the creation of new jobs or safeguard existing jobs.

2. Rationale for Investment

- 2.1 There is clear evidence of market failure in West Lindsey, particularly in Gainsborough. It is intended that this funding will facilitate new development, identified through strategic documents such as Gainsborough Masterplan. The grant fund will help the Council to deliver its growth objectives and to generate increased revenue through NNDR as vacant sites are brought back into economic use and new business premises are developed in the town.
- 2.2 The grant fund is identified in the emerging Corporate Plan under Theme 1 (prosperous), priority 1.3 (open for business). It is also identified in the emerging Economic Strategy which is currently being developed alongside this Corporate Plan, with evidence collected through secondary research and primary data from stakeholder surveys and workshops. A key finding from this research has highlighted the need for the Council to act as a facilitator and to use its assets in an efficient way to 'kick-start' the market and promote growth.
- 2.3 Stakeholders recognize the fact that the Council has a number of grant schemes available for community groups but very little available to address the issues of commercial market failure. In developing this grant scheme, the Council will act to facilitate new commercial development which will help to deliver growth and regeneration objectives whilst also securing a long-term income to the Council via NNDR growth.
- 2.4 At present, there are no fiscal incentives available to encourage private sector investment in Gainsborough, in contrast to a number of neighbouring areas; for example in Lincoln, the Lincoln Growth Fund (£1m grant scheme) is available to grant aid new business growth whilst North and North East Lincolnshire benefit from Enterprise Zone areas and associated rate relief/fiscal incentives

and simplified planning rules. There are two schemes which are being developed to assist business growth (Lincolnshire Chamber – Growth Fund and RDPE funding) across the Greater Lincolnshire area but demand for these funds is expected to be very high (total funding for the whole area through both schemes is likely to be £4m) and the criteria for these funds will preclude certain businesses/sectors from applying. Furthermore, these funds do not include a ‘feasibility and planning’ stage as described below. Finally, whilst the Council can sign-post businesses to these alternative funds, we wouldn’t have control over the funding decision. The proposed scheme enables the Council to provide a flexible and responsive resource, which directly supports business growth in our area.

- 2.5 Gainsborough is also disadvantaged due to its geography and relative distance from A1/Motorway network compared to locations in neighbouring Bassetlaw and South Yorkshire. The proposed Growth Fund would give the Local Authority greater power to encourage and influence new development in the District to help ensure Gainsborough does not lose out to other areas. This would in turn, help the Council to deliver its key priorities

3. Gainsborough Growth Fund Details

- 3.1 Two ‘strands’ of grant or loan are proposed as part of the GGF:

Feasibility & Planning Grant – grants of up to £10k are proposed (as per the previous Business Relocation scheme), to support technical survey work associated with the development of sites and premises or technology and equipment which would support business growth.

Types of activities eligible for support include:

- Architectural fees to support masterplanning and building development
- Survey work undertaken by professionals in support of sites/premises development and planning (e.g. Transport Assessments, Environmental Impact Assessments, Market Intelligence/Viability Appraisals, Archeological/Biodiversity/Flood Risk/Contaminated Land Studies etc)
- Professional fees for feasibility work in connection with capital equipment and product development
- Professional fees to assist businesses in drawing down alternative funds

Salaries and fees associated with statutory consents (e.g. planning) cannot be funded due to potential conflicts of interest and the nature of the funds being for capital works and not revenue.

Development Grant/Loan – grants or loans of between £10-100k are proposed (no more than 25% total project costs with the option to exceed £100k in

exceptional circumstances) to support capital activities. Types of activities eligible for support include:

- Investment in sites and premises (purchase, building works, refurbishment, infrastructure works)
- Purchase of capital equipment
- Premises fit-out

3.2 The purpose of the scheme is to support business growth and job creation in Gainsborough, in support of the town's overall growth ambitions. The scheme will also help to lever in additional investment from the private sector and other public sector sources, with the main development grants supporting no more than 25% total project costs. It should also assist in generating additional income for the Council through NNDR payments.

3.3 Each application will be assessed against key outputs, which accord with the Council's priorities: number of jobs safeguarded/created; area of land/floorspace created or brought back into use; £ of private sector funding levered in; £ NNDR

3.4 **Note that it is not the intention of the scheme to fund projects which would be viable without public sector intervention unless the Council wishes to incentivise a particular scheme/business to come to the area.** As part of the application process, applicants will be asked to demonstrate that the project will lead to additional activity which would not have otherwise gone ahead without funding support.

3.5 The GGF will complement the Council's activities in relation to site acquisition and development. Altogether these measures will enable the Council to provide a comprehensive programme of interventions to tackle the problems of market failure and facilitate business growth.

4. Gainsborough Growth Fund – Project Plan and Management

4.1 The following headline milestones show the timescales for the implementation of the scheme:

- Business case considered by Leader's Panel & Committees: **July 2014**
- Project management system/documentation developed: **July – August 2014**
- Marketing and promotional material developed ready for launch: **August 2014**
- Management arrangements finalised: **August 2014**
- Launch: **October 2014**
- Delivery commences: **November 2014**

4.2 Project management, administration and monitoring will be conducted by Growth & Projects Team (possibly with assistance via internal secondment).

This includes promotion of the scheme, co-ordinating business visits, steering group meetings and project monitoring reports

4.3 In terms of the decision-making process it is proposed to follow the guidelines within the Council's constitution for delegated powers in relation to contracts as follows:

- Development Grants (up to £10k): delegated approval to Director of Resources
- Delivery Grant/Loan £10k-100k: delegated approval to Director of Resources
- Exceptional Delivery Grant above £100k: decision to be made by Committee (Prosperous/P&R)

4.4 Funding decisions will be authorised by the Director of Resources under delegated powers, following consultation with Officers and Members via a Funding Consultative Panel. It is proposed that the Panel includes the following representatives:

- 1 x Growth & Projects Officer
- 1 x Finance Officer
- Director of Resources
- 3 x Members (with 3 x substitutes)

4.5 The flow chart below shows how the grant scheme will operate in practice.

Feasibility and Development Grant Application and Approval Process



