

Written statement of a key decision
Cabinet member environment, economy and skills

Title	Marches Building Investment Programme
Decision maker	Cabinet member environment, economy and skills Information about cabinet, including the names and contact details of the cabinet members, can be found here: http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251
Date of decision	27 August 2019
Report exemption class	Open
Reason for being a key decision	This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.
A notice was served in accordance with Part 3 (Key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
General exception or special urgency (as defined in the constitution)	No
Purpose	To agree to enter into a grant funding agreement with the Ministry of Housing, Communities and Local Government (MHCLG) to deliver the £3.0m Marches Business Investment Programme (MBIP). An application for £3.43m has been submitted to MHCLG to deliver a capital grants programme across the Marches to support SMEs with growth and job creation. £2.2m of this will be made available as grants to SMEs to facilitate growth and expansion. Grants will part fund new commercial builds, extensions, reconfigurations and refurbishments of existing premises along with equipment purchases within the newly created space. In addition, £800k will be made available to SMEs to help with small equipment purchases. MBIP will also support SMEs to bring redundant buildings back into economic use, with the added benefit of improving the commercial stock within the Marches area. If approval is given, Herefordshire Council will act as accountable body for the scheme, providing grants to SMEs of no more than

	50% of total project costs. Herefordshire Council will forward fund payments to SMEs of no more than £500,000 in total (per quarter) until European Regional Development Fund (ERDF) payments are received.
Decision	<p>That:</p> <p>(a) the council enters into a funding agreement with MHCLG to deliver the £3.43m Marches Business Investment Programme across Herefordshire, Shropshire and Telford & Wrekin Council areas, acting as accountable body for the programme; and</p> <p>(b) the council provide forward funding grant payments to SMEs of up to £150k per grant claimant with a maximum of £500k advance payments at any one time, pending receipt of funds from MHCLG; and</p> <p>(c) the Acting Director of Economy and Place be authorised to sign the MHCLG funding agreement to Herefordshire Council and approve any variations to the programme requested by the Programme Team; and</p> <p>(d) the Head of Economic Development be authorised to sign all sub grant agreements to businesses and take day to day operational decisions, including variations to any sub grant agreements.</p>
Reason for the decision	<p>As set out in the report. Documents relating to this decision are available at</p> <p>http://councillors.herefordshire.gov.uk/mgIssueHistoryHome.aspx?IId=50029544</p>
Options considered	<ol style="list-style-type: none"> 1. Do nothing; there are no alternative sources of funding to deliver this programme. The European Structural and Investment Fund (ESIF) strategy has outlined priorities that need addressing and the Marches Business Investment Programme will help address some of these. By not accepting the funding offer of £3,433,737 this opportunity will be lost and Herefordshire Council will have fewer resources available to facilitate business growth, increase job creation and help to strengthen supply chains. The Marches Business Investment Programme will also leverage private sector investment to the value of £3,000,000 for the Marches, therefore encouraging the private sector to also invest in these priorities. 2. Operate the scheme with a reduced capital grant. This could be achieved, however, the management costs of the overall scheme would then be disproportionate and a number of the costs remain fixed, irrespective of the amount of capital grant available and therefore, the scheme would not offer value for money. 3. Operate the scheme but not forward fund SME claims ahead of receiving monies from MHCLG. This approach has been ruled out previously in order to minimise the financial risk to

	<p>applicants. When applying for grants, the capital items/works only commence once the grant has been offered. SMEs have to fund the costs themselves prior to having any grant monies reimbursed. The majority of businesses that apply could not afford to wait four months to be reimbursed. The reason SMEs apply for grant assistance is due to not having the ability to fully fund the project themselves and having limited working capital. The proposed approach would result in SME's receiving funds from the council approximately two weeks after they had paid their contractors.</p> <p>4. A different LEP partner could be the accountable body – Telford & Wrekin and Shropshire Councils are currently managing other EU/ external funded grant schemes across the Marches area and therefore do not have the funding to cover the additional staff but have agreed to make a small financial contribution towards staff costs. Furthermore, Herefordshire Council have extensive experience in delivering this scheme with robust processes that have satisfied previous government audits.</p>
Declarations of interest (see below)	
Call-in expiry date (decisions are not subject to call-in where special urgency provisions apply)	2 September 2019

Councillor: Cabinet member environment, economy and skills (Councillor Trish Marsh)	Date 27 August 2019
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- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;
- and
- in respect of any declared conflict of interest, a note of dispensation granted.