

### Record of officer decision

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| <b>Decision title:</b>   | Marches Redundant Building Grant Regional Growth Funding (RGF) Grant Contract   |
| <b>Date of decision:</b>   | 11 June 2018  |
| <b>Decision maker:</b>   | Director for Economy Communities and Corporate  |
| <b>Authority for delegated decision:</b>                                     | A directorate scheme of delegation (part 3 function of scheme delegated to the Director, Economy, Communities and Corporate (DECC)  |
| <b>Ward:</b>   | Grant programme is available countywide and throughout the Marches LEP area.  |
| <b>Consultation:</b>   | <p>The Programme Team has consulted with The Ministry of Housing, Communities and Local Government (formerly the Department for Communities and Local Government) at RGF programme level (MHCLG).</p> <p>Herefordshire Council is the contracting body with individual businesses. Financial information is assessed independently during the due diligence process of each applicant</p>   |
| <b>Decision made:</b>  | Herefordshire Council will not clawback grant funding on individual businesses if they have underperformed on their job creation target.  |
| <b>Reasons for decision:</b>   | <p>The RGF funded Programme has delivered the following:</p> <p>48 business supported target 47)<br/> 313.5 jobs created (target 330)<br/> £3.9m of private sector leverage (target £3.5m)</p> <ul style="list-style-type: none"> <li>• The above outputs have been independently verified by South West Audit Partnership.</li> <li>• The scheme overall has delivered on its RGF contract. Job creation is within 5% of the contract target with a cost per job of £4785. Private sector leverage has exceeded its target by 13%.</li> </ul> <p>The Council's priority is 'to support the growth of our economy,' a place where businesses want to settle and can flourish. The Programme has delivered the wider objectives under the RGF contract across the wider Marches area. In light of this Herefordshire Council now waives its right to clawback funds from businesses for underperformance on job creation grounds.</p> <p>Underperformance is recorded against individual businesses in receipt of funding. Should these companies seek future grant support their underperformance will be taken into consideration in any future grant assessments.</p> |
| <b>Highlight any associated risks/finance/legal/equality considerations:</b> | RGF funding totaled £1.5m in direct support to businesses across the Marches area. Programme was contracted to achieve 330 jobs, £3.5m private sector leverage and to support 47 businesses. The  |

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|   | <p>scheme has been audited by South West Audit Partnership (SWAP) to ensure funds were defrayed to businesses in line with DLGG procedures in addition to verifying that the evidence to support the outputs is satisfactory. SWAP have confirmed 313.5 jobs have been delivered against the contract.</p> <p>Contract with MHCLG ends in June 2018. Herefordshire Council's legal team has advised that the period for enforcement has lapsed and therefore there is no threat of enforcement to repay funds to MHCLG.</p>  |
| <p><b>Details of any alternative options considered and rejected:</b></p> | <p>Options:</p> <ol style="list-style-type: none"> <li>1. Grant is not repaid</li> <li>2. To seek repayment of grant from individual businesses. Funds are returned to The Ministry of Housing, Communities and Local Government.</li> </ol> <p>Discussion of options:</p> <ol style="list-style-type: none"> <li>1. No grant is repaid. The Programme has created 313.5 jobs (5% within contract target). The average cost per job across the Marches area is £4785. Published Regional Growth Funding evaluations reveal that the average costs per job is approximately £30,000 across England. Herefordshire Council's scheme therefore represents excellent value for money. The period for MHCLG to request repayment of funds from Herefordshire Council has now lapsed.</li> <li>2. If an individual business has underperformed on their job creation target this could be due to company experiencing trading difficulties which has hindered their ability to recruit additional staff. The job creation target is also a forecast which is anticipated before the grant aided project commences but is based on expected growth. If this has not been delivered due to a reduction in turnover or profitability the repayment of funds could further harm these businesses and could result in job losses or the company no longer trading. The scheme has overall delivered on the MHCLG contract and the programme will be closed at the end of June 2018. Any repayment of funds to MHCLG will not be directly re-issued to businesses in the Marches area.</li> </ol> <p>Given the above options the council believes that option 1 (grant is not repaid) is the most appropriate option to pursue. The programme has performed well against its original targets with MHCLG. The grants received by the businesses in the Marches area will ensure these companies continue to operate and safeguard employment levels.</p> |
| <p><b>Details of any declarations of interest made:</b></p>               | <p>N/A</p>   |

Signed.....



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