



**Yvonne Asquith, Business Growth Manager,
Business Sheffield, City Growth**

Tel: 0114 223 2392

Report of: *Edward Highfield, Director, City Growth*

Report to: *Cllr Mazher Iqbal, Cabinet Member Business and Investment*

Date of Decision: *10th May 2019*

Subject: **Launchpad Programme 2019 – 2022:** Approval for Business Sheffield, City Growth to enter into a funding agreement for ESIF (ERDF) grant to enable the delivery of business support to pre start and early stage businesses in Sheffield (up to 3 years old)

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
- Expenditure and/or savings over £500,000		<input checked="" type="checkbox"/>		
- Affects 2 or more Wards		<input checked="" type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? <i>Mazher Iqbal, Business and Investment Cabinet Member</i>				
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental Wellbeing</i>				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i>				

Purpose of Report:

The report seeks the approval for City Growth to accept the funding from Barnsley Metropolitan Borough Council (BMB) via the Ministry of Housing, Communities and Local Government (MHCLG) and to enter into a funding agreement for the Launchpad programme which will provide pre start and early stage businesses (up to 3 years old) with business support.

The proposal will effectively extend the current Launchpad programme which is in its third year by a further three years.

The Launchpad programme aims to increase economic growth through fostering the development of new and sustainable businesses across the Sheffield City Region (SCR) authorities and the Prince's Trust. Undertaken through Business Advisor support and group workshops. Sheffield City Council (Council) through Business Sheffield is the delivery partner alongside other local authority partners in the city region.

It is proposed that the grant of £416,553 will be match funded by the Council with £277,702 towards the objectives of the Launchpad programme. Additionally, the Council will award a grant of £54,759 to BMB towards the Programme Management of Launchpad.

The European Regional Development Fund (ERDF) funding effectively contributes 60% towards the costs of the Business Sheffield team delivering business support to pre starts and early stage businesses based in Sheffield.

Recommendations:

It is recommended that the Cabinet Member for Business and Investment:

1. Authorises the Council accepting and entering into an agreement for a grant of up to £416,553 from Barnsley MBC for the Launchpad programme over a three year period, effective from 1st April 2019 to 31st March 2022.
2. Notes that Barnsley MBC is the accountable body for the receipt of the MHCLG grant and delivery of Launchpad and not the Council.
3. Authorises the Council providing match funding of £277,702 towards the total cost of the project, which will come from the City Growth revenue budget.
4. Approves the award for a grant of £54,759 from the Council to Barnsley MBC over the lifetime of the project.
5. Notes that the Council will be the accountable body for the grant to Barnsley MBC.

6. To the extent not already delegated by the Leader's Scheme of Delegation, delegates authority to the Director of City Growth in consultation with the Director of Finance and Resources to agree any variations to the above funding agreement.

Background Papers:

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: <i>Peter Carr</i>
	Legal: <i>Janusz Siodmiak / Nadine Sime</i> Equalities: <i>Annemarie Johnson</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission: <i>Laraine Manley, Executive Director, Place</i>
3	Cabinet Member consulted: <i>Mazher Iqbal, Cabinet Member for Business and Investment</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	Lead Officer Name: <i>Yvonne Asquith</i>
	Job Title: <i>Business Growth Manager</i>
Date: <i>22nd March 2019</i>	

1. PROPOSAL

- 1.1 The Launchpad programme is a three year part-ESIF funded programme, designed to increase business stock in the Sheffield City Region (SCR) through the provision of pre-start and early stage business support.

Currently in the third year of a £4 million programme Sheffield City Council is part of a city region wide consortium including the following partners: Barnsley MBC, Bassetlaw District Council, Derbyshire Dales District Council, Doncaster Council, Princes Trust and Rotherham Council.

The extension for a further three years of funding is for a £3.5 million programme with the same partners except for Derbyshire Dales District Council.

The Launchpad programme for Sheffield City Council totals £694,255 over a three year period. Match funding provided by the Council of £277,702 at an intervention rate of 60%, will bring into the service a total £416,553 ERDF over the three year period. This will essentially provide a financial contribution towards the following members of the Business Sheffield team alongside a small budget for events and marketing:

- 2 x Business Start Up Advisors
- 2 Business Advisors
- 1 x Sales and Marketing Manager (50% contribution)
- 1 x Contracts Officer (50% contribution)

Barnsley MBC is the accountable body and contract holder with MHCLG and will be responsible for the management of the project on behalf of all of the partners.

Barnsley MBC's other responsibilities as the accountable body include:

- coordinating all expenditure and output claims from all the Partner/s and ensuring that they fulfil all necessary eligibility conditions as prescribed by MHCLG and as specified in the Funding Agreement
- submitting all claims on behalf of the consortium partners to MHCLG in the manner and timescale set out in the Funding Agreement
- ensuring in so far as is reasonably practicable that funds are received in a prompt manner from MHCLG and on behalf of the Partners and shall pay to the Partners their approved grants in accordance with the Funding Agreement.

The Programme Management Team will be employed by Barnsley MBC funded through the project with each of the delivery partners contributing

an element of match funding towards this cost. Sheffield is required to contribute a total of £54,759 over the duration of the project which will be payable on a quarterly basis following receipt of an invoice from BMBC. The Council will also be the accountable body for the monies. The funding will be awarded to BMBC as a grant and will be over the match funding required for Sheffield's project delivery.

2. HOW DOES THIS DECISION CONTRIBUTE ?

- 2.1 Involvement in the programme will largely affect the individuals in the city who are interested in starting a business who will have access to a series of Start Up Workshops that are designed to allow an individual to understand whether their business idea is a viable proposition or not.

The programme will also work with early stage businesses that are up to three years old through access to an extensive workshop programme on all aspects of running a business, delivered where Business Sheffield has the inhouse expertise or by a number of private sector partners who deliver on behalf of Business Sheffield.

In addition pre starts will have access to two experienced Start Up Advisors for one to one support. Early stage businesses up to three years old (at the point of entry) will have access to experienced Business Advisors and a Sales and Marketing expert for one to one meetings whether at a critical stage in their business journey or to assist in the strategic growth of the business.

The current Launchpad programme has allowed Business Sheffield to build up its business support provision, now running over 20 workshops on a quarterly basis, a successful networking event, with over 100 businesses in attendance each quarter and a record number of engagements with pre starts and early stage businesses.

Business Sheffield will build on this foundation over the next three years.

The funding will allow Business Sheffield to build on this strong foundation, to continue one of the main parts of its delivery at a time when Sheffield City Council is under serious financial constraints.

Sheffield City Council has delivered the following outputs for the programme in its first three years. The outputs for the extension are much lower in the application to MHCLG but our intention is to work to the figures we have achieved in the current contract to keep the momentum for the city of Sheffield going.

The output table below highlights our current contracted outputs the actuals and the outputs in the application for the next 3 years. Whilst targets are below the contracted outputs for Launchpad 1 it is Business Sheffield's intention to use the outputs obtained in Launchpad 1 as a benchmark during Launchpad 2.

TABLE

Output title	Launchpad 1 Target Figures in Contract	Launchpad 1 Actual to End of February 2019	Launchpad 2 Target Figures in Contract
C1 - Number of enterprises supported (12hours)	135	158	90
C4 - Number of enterprises receiving non-financial support (12 hours)	135	158	90
C5 - New enterprises supported (12 hours)	50	117	38
C8 - Employment increase in supported enterprises	50	49	38
P11 - Number of entrepreneurs assisted to be enterprise ready (12 hours)	217	323	140

The Launchpad programme has been considered to be a success with MHCLG, most of its outputs have already been met or are within the 85% tolerance level of ERDF. Business Sheffield has overachieved on all its targets and has been a large contributor to both pre start outputs and the established business outputs.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 Consultation across the city region through the ESIF application process has happened with local authority city region partners and the Growth Hub.

Business Sheffield is closely linked with the two universities in Sheffield and delivers business support start up workshops in Sheffield Hallam and one to one support to University of Sheffield students and alumni.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 Business Sheffield supports residents and businesses from all walks of life and is keen to promote equal opportunities for all protected characteristics (according to the Equalities Act 2010). Ensuring individuals needs are met is dealt with at the very early stages of engagement with clients at their first point of contact by the Gateway team who handle incoming calls and deal with enquiries coming into the Business Sheffield inbox. Accommodation of individual requirements are met when: choosing venues for meetings for Start Up Workshops and the Workshop programme and: by offering one-to-one meetings with a Business Advisor, where Gateway diagnostic highlights a specific issue/s determining that a group workshop would not be appropriate for the individual or that additional support is required including signer for deaf individuals looking for start-up support for example.

4.2 Financial and Commercial Implications

4.2.1 The key features (not exclusive) of the Partner Agreement are summarised as follows:

- The £3.5 million Launchpad programme (extension) is a three year part European Structural Investment Fund (ESIF) funded programme with Barnsley Metropolitan Borough Council (BMBC), for the period 1st April 2019 to 31st March 2022.
- Sheffield City Council (SCC) is a Delivery Partner and BMBC the Accountable Body to the Ministry of Housing, Communities and Local Government (MHCLG).
- The Launchpad programme for SCC totals £694,255 over the three year period, at an intervention rate of 60%, and will bring into the service a total £416,553.
- SCC will provide Match Funding (£332,462), as set out and detailed in Schedule 1. The Programme Management Team (PMT) for Launchpad is employed by BMBC and the amount SCC needs to contribute to the PMT costs is £54,759. SCC will be invoiced on a quarterly basis for their contribution to the PMT costs.
- Use all reasonable endeavours to perform its obligations under the Partner Agreement.
- Comply with all the conditions clauses requirements duties schedules and obligations of the Funding Agreement and the Partner Agreement.

- Provide all reasonable assistance required by BMBC, MHCLG or the National Audit Office to monitor, review and verify compliance by SCC of its obligations under the Partner Agreement and the Funding Agreement.
- In a timely (as agreed) and business-like manner provide accurate information in relation to its role in the Project sufficient to enable BMBC to complete the “Project Monitoring Documentation” as set out in Schedule 3 to the Partner Agreement.
- All outputs in the Project Monitoring Documentation as set out in Schedule 1 to the Partner Agreement shall be evidenced according to MHCLG’s, the ‘National Audit Office’s’ and/ or BMBC’s evidence requirements.
- Liable to clawback of funding, by MHCLG, from breach of the terms and conditions of the Funding Agreement in proportion to the extent of losses SCC are responsible for.
- Responsible for the Match Funding and evidencing to BMBC, MHCLG or the National Audit Office, as set out in Schedule 1.
- All sums payable under the Partner Agreement unless otherwise stated are exclusive of Value Added Tax (VAT).
- Comply with EU and State Aid rules.
- Ensure that comprehensive monitoring and financial control systems are established with BMBC’s agreement so progress of the Project and its costs can be clearly identified and the propriety and regularity of all payments and handling of grants under the Funding Agreement are ensured.
- A detailed monthly financial report (based on defrayed expenditure) and a financial output claim must be sent to BMBC by the 5th working day after each month, claimed 1 month in arrears.
- Payments made by SCC before the 1st April 2019 will be ineligible.
- Significant changes to the Project (more than a 10% change) must be notified in writing to BMBC, and approval obtained prior to implementation.
- BMBC will retain 10% of the total eligible grant until the project is completed and a satisfactory final report has been received by them.
- Keep original records of support to evidence outputs and these will be checked by BMBC at the quarterly monitoring visits. Any significant over/ under spend (10% or more) will be discussed at the quarterly review meetings.

- Retain all records relating to the Project for two years after the Audit Authority submits the Annual Control Report in which the final expenditure for the completed project is included.
- The Project Manager will need to read, understand and comply with all of the terms and conditions detailed in the Funding Agreement and the Partner Agreement.

4.3 Procurement

- All public sector procurement is governed by and must be compliant with both European Legislation and UK National Law. In addition, all procurement in Sheffield City Council must comply with its own Procurement Policy, and internal regulations known as 'Contracts Standing Orders' (CSOs).
- Contracts Standing Orders requirements will apply in full to the procurement of services, goods or works utilising grants. All grant monies must be treated in the same way as any other Council monies and any requirement to purchase/acquire services, goods or works must go via a competitive process.

4.4 Legal Implications

- 4.4.1 The Local Authority may accept the grant under s.1 of the Localism Act 2011, the general power of competence. It also has the power to deliver the project, to which the grant applies, under s.111 of the Local Government Act 1972.

There are two Agreements which incorporate all of the obligations that the Council must comply with, as a Partner in Launchpad. The agreements are:

1. The Agreement between Barnsley Metropolitan Borough Council (BMBC) and the Sheffield City Region Authorities, which also includes the Programme Management Team Funding in Schedule 5
2. The Funding Agreement between the Secretary of State for Communities and Local Government and BMBC for the Project.

It is proposed that the Council will be tied into the obligations of the above Agreements and the decision maker needs to be happy that the Council can comply with these obligations. Barnsley MBC will provide the grant of £416, 553 and the Council will also provide match funding in the sum of £277,702. Barnsley MBC would be the accountable body for the overall Launchpad grant.

The Council would also provide a grant of £54,759 to BMBC towards the programme management team costs and therefore the Council will be the accountable body for the grant.

The Council should ensure that responsibilities of BMBC (Project sponsor), throughout all of the agreements, are not breached or impaired negligently in carrying out, or by not carrying out its duties. If this were to occur then the Council would be subject to all such claims, including claw back or repayment of funding, which was released to the project sponsor. The Council will also be liable for and fully indemnify the Project Sponsor against all loss, damage and liability suffered and fees associated, from breach or negligence.

Procurements under these Agreements will be subject to European procurement rules and both the Project Sponsor and the partners, including the Council, will need to comply with these. The Council will also have to ensure it is State Aid law compliant throughout the project. The European grant funding also brings with it a longer monitoring period, beyond the contract end date and the retention of documents for a longer period.

In addition, Business Sheffield has an assigned, dedicated Contracts Officer who will be on hand to offer support and guidance throughout the contract period and will regularly monitor the project. Business Sheffield whilst not on the same CRM (Customer Relationship Management) system as BMBC, have a system and process in place to provide monitoring and output information through separate collated spreadsheets on a monthly basis sent to BMBC in an encrypted email.

The Funding Agreement is very similar to the last agreement, which the Council entered into on Launchpad 1 between 2016-2109.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Do Nothing – continue the pre start and early stage business support without Launchpad involvement:

Without the income contribution to the Business Sheffield team from the Launchpad ERDF programme with financial constraints across the Council, City Growth would struggle to find the Council monies required to make up the missing ERDF funding which could result in looking at reducing the Business Sheffield Team. Business Sheffield runs a very lean service, by providing a workshop programme through its own team and the private sector on a pro bono basis there is no wastage within the team. The risk of a drastic cut to the service and consequently the city would be high.

This option would also form a reputational risk if Sheffield City Council were not involved in the city region wide Launchpad programme. If the service for early stage and start-up businesses would be limited and not compare to our city region local authority neighbours who are involved in the Launchpad programme with Sheffield residents and businesses missing out on a similar offer and service.

6. REASONS FOR RECOMMENDATIONS

6.1 Reputation and Reach

By recommending the approval of this funding City Growth can build on the reputation that its business support programme under the Business Sheffield brand has built since it started in October 2014 and through its growth in the Launchpad project from April 2016 to the present day.

6.2 Investment

The Launchpad 2 programme contract allows the Council to maintain its current provision of pre start and maintain early stage business support and will let City Growth continue to fund key members of the Business Sheffield team involved in the delivery of business support for individuals and businesses based in Sheffield providing a level of financial stability. The programme will fund (60%) income contribution from European Regional Develop Fund (ERDF) for; 2 Start Up Advisors; 2 Business Advisors; and 1 Sales and Marketing Expert (50%) and a Contracts Officer (50%) at a time of significant financial challenge.

6.3 Impact

The funding will provide the following outputs although Business Sheffield are confident they will significantly overachieve on these outputs based on its performance on the Launchpad 1 contract (see table above).

- Support 90 early stage businesses.
- Work with 140 individuals interested in starting a business to be ready to run their business.