

**By:** Mark Dance, Cabinet Member for Economic Development  
Barbara Cooper, Corporate Director of Growth Environment and Transport

**To:** Growth, Economic Development and Communities Cabinet Committee - 3 March 2016

**Subject:** South East Business Boost

**Decision Number:** 16/00022

**Classification:** Unrestricted

**Past pathway of paper:** None

**Future pathway of paper:** For Cabinet Member Decision

**Electoral Division:** All

#### **Summary**

The South East Business Boost (SEBB) programme will provide support to start-up and growing businesses, building on the recently-established Kent and Medway Growth Hub. In January, an application was submitted to the European Regional Development Fund which, if successful, will secure £1.2 million over three years for business support activities in Kent and Medway.

This report explains the SEBB programme and sets out KCC's role. It seeks the support of the Cabinet Committee for KCC to accept the ERDF grant allocation if it is approved and to use it to fund a business support programme.

#### **Recommendation:**

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Economic Development on the proposed decision to accept grant funding of up to £1.2 million revenue to deliver the South East Business Boost programme; and to delegate to the Director of Economic Development the authority to sign a grant offer letter as required on behalf of KCC. A proposed Record of Decision is attached at appendix 2.

## **1. Introduction**

- 1.1. In 2015/16, the Government made £254,000 available to Kent and Medway, via the South East Local Enterprise Partnership, to deliver a new 'Growth Hub' service, offering businesses a central point of information about the support that is available to them. A pilot service was launched in December, and the Government has since announced that funding for the Growth Hub service will be maintained for the next two years.

- 1.2. To supplement the Growth Hub service with a wider programme of free, easily accessible support to start-up and growing businesses, KCC has joined a partnership with the other authorities in the South East LEP area to seek additional funding from the ERDF programme to deliver the South East Business Boost (SEBB) project. Essentially, this enables the Growth Hub to expand the services it is able to deliver.

## **2. How the South East Business Boost project will operate**

- 2.1. If approved, the SEBB project will offer:

- One-to-one advisory support to new businesses and small established businesses with growth potential. This will be additional to the mostly web- and telephone-based support that is currently offered within the existing Growth Hub budget, and responds to a widespread view expressed by business that there is a gap in the availability of consistent, independent, 'generic' business advice.
- Support in developing entrepreneurship, especially among groups and in geographical locations where levels of business ownership and start up rates are relatively low.
- Access to a small business grant scheme, which will provide part-funding to projects which will help SMEs to expand.

- 2.2. The SEBB project will operate across the South East LEP area (i.e. Kent and Medway, Essex and East Sussex), with Southend-on-Sea Council acting as the accountable body. The total amount of ERDF funding sought is £6.1 million, of which £1.2 million will be allocated to Kent and Medway and managed by KCC. Should the project be approved, it is envisaged that KCC will contract the delivery of the service through open competitive tender, linked with the re-tendering of the Growth Hub service. Within the tender, it will be important that potential providers demonstrate how they will link effectively with the other business support services that are available locally (such as those provided directly by KCC and the Kent Districts).

- 2.3. Within the bid to ERDF, the project has a target of supporting 837 businesses across the programme, with 211 jobs created.

## **3. Legal, financial and equalities implications**

### *Financial implications*

- 3.1. KCC will be accountable for ERDF funds delegated to it by Southend Council as the accountable body for the programme. This amounts to £1.2 million

between 2016-19. KCC will therefore need to ensure that funds are only used for eligible activities specified in the grant agreement.

- 3.2. As part of the proposal for ERDF funding, KCC has also agreed to contribute £8,580 in-kind match funding to the project.
- 3.3. It should be noted that the grant fund that will be made available to the SEBB programme will operate across the South East LEP area and will be managed by Southend Council. KCC will therefore not bear the risk of failure to deliver outputs associated with individual business grants. However, it is intended that KCC will, as a partner in the programme, have representation on any grant awarding committee.

#### *Legal implications*

- 3.4. KCC will be contractually committed to the delivery of outputs and for ensuring eligible expenditure via the ERDF grant agreement.

#### *Equalities implications*

- 3.5. The ERDF application contains an analysis of the equalities implications of the project and commits the partners to preparing an Equalities and Diversity Plan. The application also commits KCC to undertaking an Equalities Impact Assessment.
- 3.6. The project also contains actions to specifically promote entrepreneurship among groups underrepresented in the business community. This includes an Enterprise and Entrepreneurship Development Programme, offering workshops, coaching and one-to-one advice.

## **4. Risks**

- 4.1. A project risk register is attached at Appendix 1. The main risk is a failure to meet outputs as a result of the complexity of the partnership structure involved in the project. This will be mitigated by clear output responsibilities for each partner and a strong project communications strategy. Overall, the risks to KCC are low.

## **5. Next steps**

- 5.1. It is anticipated that ERDF funding for the SEBB project will be approved in late spring. A specification for the delivery of the Kent and Medway element of the project is currently being developed, with the intention commencing an OJEU procurement process in April/ May for a new contract for the SEBB project and the Growth Hub. This will lead to the service being delivered from October this year.

## **6. Recommendation**

6.1. The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Economic Development on the proposed decision to accept grant funding of up to £1.2 million revenue to deliver the South East Business Boost programme; and to delegate to the Director of Economic Development the authority to sign a grant offer letter as required on behalf of KCC. A proposed Record of Decision is attached at appendix 2.

## **7. Background documents: None**

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### **APPENDICES**

Appendix 1: Risk analysis

Appendix 2: Proposed Record of Decision

## Appendix 1: Risk analysis

Inherent				Residual			
Risk	Impact	Likelihood	Total (I*L)	Mitigation	Impact	Likelihood	Total (I*L)
Insufficient resources to deliver project leading to requirement for KCC to make up shortfall	3	2	6	Costs carefully considered and covered within ERDF bid  Delivery to be tendered and delivered within fixed cost	3	1	3
Delay in project start impacting on ability to deliver outputs	4	5	20	Prompt response to Government requests for information (although delay caused by Government is outside our control)  Service specification and procurement plan to be developed in advance of grant approval	2	4	8
Failure to secure sufficient match funding for programme	4	2	8	Match funding mostly linked with business grant scheme, with risk borne by Southend Council as accountable body	3	2	6
Failure to secure sufficient business engagement, leading to lack of impact and inability to deliver outputs	5	3	15	Business engagement plan (including links with support organisations, districts, etc.) incorporated in service specification.  Links with Growth Hub and KCC support products already established	4	2	8
Complex partnership structure limits effective oversight of costs and performance and impedes delivery of	5	4	20	Clear roles and responsibilities defined at start.	3	2	6

Inherent				Residual			
Risk	Impact	Likelihood	Total (I*L)	Mitigation	Impact	Likelihood	Total (I*L)
outputs				Single accountable body (Southend) in receipt of ERDF grant  Clear contracts with project partners to be put in place			
Failure to deliver effective exit strategy	3	4	12	Obligation in service specification for contractor to explore future funding	3	3	9

