

REPORT TO: Executive Board
DATE: 17 September 2015
REPORTING OFFICER: Strategic Director, People and Economy
PORTFOLIO: Economic Development
SUBJECT: The Liverpool City Region Growth Grant
Performance Review
WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is to update members with respect to the delivery of the £15 million Liverpool City Region (LCR) Business Growth Grant Programme

2.0 RECOMMENDATION: That Executive Board recognises the positive performance of the Liverpool City Growth Grant programme in Halton with respect to :-

1. Number of companies supported
2. Level of grant contracted and paid
3. Private sector leverage generated as a consequence of the receipt of grant
4. The anticipated number of jobs created and safeguarded as a consequence of the receipt of grant

3.0 SUPPORTING INFORMATION

3.1 A report was brought to this Board on 7 November 2014 describing the proposed roll-out of the Liverpool City Region Business Growth Grant in the Borough of Halton

The Liverpool City Region Local Enterprise Partnership (LCRLEP) successfully secured £10 million from Round 3 of the government's Regional Growth Fund (RGF) programme and a further £5 million from RGF Round 4 to establish a pan-Merseyside scheme to provide grant support of between £50,000.00 and £1,000,000.00 to eligible businesses across the City Region.

The Liverpool City Region Business Growth Grant supported businesses planning to invest in capital or equipment that directly created or safeguard jobs and increase business output.

The Liverpool City Region Business Growth Grant was designed to unlock private sector investment. Private sector leverage must, therefore, be at least 5:1. In other words, every £5.00 invested by a business could potentially lead to £1.00 of support from The Liverpool City Region Business Growth Grant

3.2 How Did the Scheme Work in Halton?

The LCRLEP was the 'accountable body' for the Liverpool City Region Business Growth Grant. However, Individual Local Authorities were the application appraisers and key decision makers on award of grant to businesses in their geographical area.

In Halton, bids from businesses were managed through the Council's Business Improvement and Growth Team.

Bids were then assessed by a local Panel which was chaired by the Portfolio Holder for Economic Development. The Panel not only considered the viability of the proposals, but also considered the strategic fit of projects in relation to the Council's focus on growing the economy through inward investment and the creation of jobs that the RGF scheme supported.

Individual Local Authorities, therefore, formally contracted with applicants and paid grant to a given company once agreed expenditure had been defrayed. The Local Authority then submitted evidence and claimed the full amount of the grant paid to the company from the LCRLEP.

3.3 Liverpool City Region Business Growth Grant : Performance and Outputs

Regional Growth Fund Round 3 (Grant Between £50,000.00 - £1,000,000.00)

The deadline for the submission of final company claims for grant awarded under the RGF 3 element of the programme was Friday 29 May 2015. The Council then had two weeks to process all claims and recover all costs associated with the award of grant from the LEP.

All RGF 3 final claims were processed by the June 12 deadline and all monies associated with the award of grant recovered from the LEP

The table below details the final RGF 3 spend position

Company	Grant Award	Grant Paid	Percentage Paid
Converge IT	£160,275.00	£160,274.79	99.99%
The Protein Works	£104,265.00	£96,134.69	92.20%
WSR	£99,990.00	£99,990.00	100%
Ineos Technologies	£78,661.70	£78,147.80	99.34%
Helsby & Longden	£59,950.00	£58,937.29	98.31%
CDL	£163,191.20	£127,638.50	78.21%
Totals	£666,332.90	£621,123.07	93.21 %

A total of **£3,027,954.20** of private sector leverage was invested in the Borough as a consequence of the RGF 3 element of the Liverpool Business Growth Grant programme in Halton against total project expenditure of **£3,649,077.27**

Regional Growth Fund Round 4 (Grant Between £10,000.00 - £50,000.00)

Companies support under the RGF Round 4 element of the Liverpool City Region Business Growth Grant programme have until September 21 2015 to submit final claims

The table below details the current RGF 4 spend position

Company	Grant Award	Grant Paid	Percentage Paid
Tall Security Print	£18,000.00	£17,484.00	97.13%
Merseyside Printing	£10,000.00	£9,996.00	99.96%
E-Scape	£15,000.00	£2,300.00	15.33%
Perceptive Engineering	£25,000.00	£16,067.93	64.27%
Freight First	£10,000.00	£9,891.00	98.91%
Totals	£78,000.00	£55,738.93	71.46%

	Project spend completed and all grant paid and recovered
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Liverpool City Region Business Growth Grant : Spend and Output Summary

- To date **90.95%** of contracted grant (RGF 3 + RGF 4) has been paid to businesses
- To date a total of **£3,239,554.03** of private sector leverage has been invested in the Borough as a consequence of the award of grant against total project expenditure of **£3,916,416.64**
- To date the programme has created **26** jobs and safeguarded a further **23** jobs
- Grant recipients have until 2017 to meet the jobs created and safeguarded targets associated with the award of grant. It is anticipated that the programme will ultimately create **102** jobs and safeguard a total of **72** jobs

A detailed breakdown of the spend and outputs associated with the Liverpool City Region Business Growth Grant in Halton is described in Appendix I

4.0 **POLICY IMPLICATIONS**

4.1 The 'The Liverpool City Region Business Growth Grant' has delivered tangible benefits to the local business community and in so doing contribute to the realisation of a number of the Council's key strategic objectives described in the Community Strategy.

The Liverpool City Region has secured a further £15 million from the government's City Growth Deal programme. It is anticipated that a scheme similar to Liverpool City Region Business Growth Grant will be rolled out across the City Region from April 01 2016.

5.0 **OTHER/FINANCIAL IMPLICATIONS**

5.1 Halton Borough Council was required to formally contract with companies qualifying for grant assistance under the Liverpool City Region Business Growth Grant. In so doing the Council contracted to pay grant to the individual company once agreed expenditure had been defrayed and evidenced to the satisfaction of the Council. The Council was the required to submit claims to the LEP to recover the full amount of the grant paid to the company.

To date all monies paid in grant to Halton based companies have been recovered from the LEP.

To date a maximum of **£21,632.07** of grant remains to be paid to companies under the RGF 4 element of the programme. Should that grant be claimed and paid then it is anticipated that all monies will be recovered from the LEP

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children & Young People in Halton**

Improving business sustainability and performance will create more employment opportunities for the Borough's young people.

6.2 **Employment, Learning & Skills in Halton**

Improving business sustainability and performance will create more employment opportunities for the people of the Borough.

6.3 **A Healthy Halton**

Creating sustainable employment will have a positive impact upon the health of the communities of Halton.

6.4 **A Safer Halton**

Access to sustainable employment contributes positively to a range of issues associated with the broader areas of crime, disorder and safer communities.

6.5 **Halton's Urban Renewal**

Increased business sustainability will drive the Borough's urban renewal.

7.0 **RISK ANALYSIS**

7.1 The Council entered into a contract with the Liverpool City Region Local Enterprise Partnership (LCRLEP), the Accountable Body for the

Programme, and, indirectly, the Department for Communities and Local Government (DCLG), with whom LCRLEP have a contractual agreement to deliver The Liverpool City Region Business Growth Grant across the sub-region.

Risk associated with such an arrangement, for example minor breaches of the agreement (e.g. failures to provide, or delays in providing, information such as performance reports) could result in the DCLG having the right not, only to discontinue funding, but also to demand the return of funding received prior to any breach of the agreement.

This could have extremely serious consequences for the Council

To date LCRLEP, the scheme Accountable Body, has been satisfied with the systems put in place by Halton Borough Council. Nevertheless a full audit of the scheme was requested by the scheme managers from Halton Borough Council's Internal Audit.

Halton Borough Council's Internal Audit concluded that :-

'We found that there is a robust system to monitor, manage and guide businesses within Halton during the grant application process. There is also a well-managed system to check all claims before a payment is made'.

The programme was given a 'Substantial' rating by Internal audit which means 'There is a sound system of control in operation to manage risks effectively'

8.0 **EQUALITY AND DIVERSITY ISSUES**

There are no equality and diversity issues

9.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None.