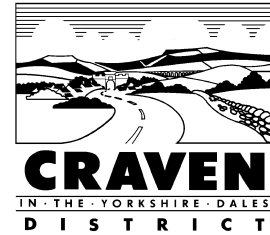


Policy Committee – 15th December 2015**LEEDS CITY REGION ESIF
PROGRAMME –
DIGITAL ENTERPRISE BUSINESS
SUPPORT PROGRAMME**

Report of the Strategic Manager (Planning and Regeneration)

Lead Member: Enterprising Craven (Councillor Myers)

Ward(s) affected: All Wards

1. Purpose of Report –

To consider a request for a financial contribution to the 'Digital Enterprise' business support programme led by Leeds City Council in response to a European Structure and Investment Funds (ESIF) Programme call; Enhancing Access To, and Use and Quality of, Information and Communications Technology in the Leeds City Region.'

2. Recommendations –

Members are recommended to:

- 2.1 Endorse proposed ESIF programme by Leeds City Council to deliver a Digital Enterprise business support initiative across the Leeds City Region.
- 2.2 Subject to approval of the full ESIF bid, allocate up to £4,000 per annum in 2016/17 to 2018/19 to support delivery of the Digital Enterprise Business Support programme by Leeds City Council on behalf of partners in the Leeds City Region.
- 2.3 Approve that the annual contribution in recommendation 2.2, funded from the New Homes Bonus Infrastructure Reserve, is included in the Council's 2016/17 to 2018/19 revenue budgets.

3. Background

- 3.1 In March 2015, the Leeds City Region Local Enterprise Partnership launched its European Structural and Investment Fund (ESIF) programme setting out how it proposes to use an allocation of £170million of European Regional Development Funds (ERDF) to deliver projects across nine thematic objectives. These objectives are based on local priorities outlined in the City Region's Strategic Economic Plan, and includes support for growing small and medium sized enterprises (SMEs); developing a skilled and flexible workforce; creating a low carbon economy and delivering infrastructure for growth including digital technology.

3.2 The programme for the Leeds City Region forms part of an England-wide ERDF programme; delivery of which is being managed by the Department for Communities and Local Government (DCLG). The role of DCLG as managing authority includes responsibility for:

- Inviting applications for ERDF support, by competitive bidding or otherwise;
- Determining whether project applications meet core selection criteria;
- Making the final decision on which projects will receive funding.

4. **Enhancing Access To, and Use and Quality of Information and Communications Technology**

4.1 At the end of July 2015, DCLG issued a call for proposals under the title 'Enhancing Access To and Use and Quality of Information and Communications Technology.' The call was for a single bid that will deliver business support across the Leeds City Region covering a three year period, likely to commence in June 2016 with a total value of £8.4million - £4.2million of ERDF funding.

4.2 On behalf of local authority partners in the City Region, Leeds City Council submitted an outline application for a 'Digital Enterprise' programme to the DCLG in September 2015. The outline application was approved on the 7th December 2015. Leeds City Council has now been invited to prepare a full business plan, which, subject to approval, would result in a contract being awarded and the project able to commence in April 2016.

4.3 The outline project approved by DCLG is for a modular programme based on a mixture of 'one to one' business support, capital grants and 'one to many' workshops and conferences as outlined below:

- **Business support** This strand will include a review of the firms ICT / digital needs and an assessment of their requirements. The project will operate on a key account management basis ensuring that each business is allocated a business adviser who can assist them to access appropriate support.
- **Business Grants** Grants of up to 40% will be offered to SMEs to help them introduce 'new to the firm' products, which supports the development of their ICT business systems or their digital capacity including a Client Relationship Management (CRM) system, an e-commerce website, superfast/ultrafast broadband connections, VOIP (Voice over Internet Protocol) telephone systems, cloud based systems (for back up of data and remote access to business systems) or wireless local area networks (LANs) for office/workplace staff. As a result of this investment, businesses will greatly enhance their efficiency and capacity, becoming more digitally enabled.
- **Workshops, Conferences and Networking Events** will be held on a broad range of topics including digital and social media marketing, cloud computing, search engine optimisation (SEO), email marketing etc.

Programme Income and Expenditure

- 4.4 The ESIF call for this priority has a budget of £4.2m that requires £4.2m of match funding to create an £8.4m programme. In their response to the call for projects Leeds City Council submitted the indicative budget in Table 1. to the DCLG for the Digital Enterprise business support programme.

Table 1. Indicative Programme Budget

Income / Match Funding	£ million	Expenditure	£ million
SME Contributions (match) to investment projects	3.95	Programme management and delivery	2.0
Indicative public sector match	0.25	Grants offered to SMEs	2.2
Total	4.2	Total	4.2
Total Project £8.4m			

- 4.5 In the indicative budget ESIF investment will fund the programme delivery and SME grant element (£4.2m) whilst income / match funding will be secured through private sector contributions (£3.95m) and a contribution from local authority partners (£0.25m).
- 4.6 Similar to other ESIF programmes such as Ad:venture, it is proposed that each local authority in the programme contributes to the £0.25m public sector match in proportion to its size as measured by their current SME business stock – a breakdown by local authority is included at paragraph 6.1. With regard to Craven the total requested contribution is £9,250.

Delivery Outputs

- 4.7 The Digital Enterprise programme anticipates it will support 1250 small and medium enterprises in the Leeds City Region, of which a minimum of 46 will be in the Craven District.
- 4.8 The success of the programme will be measured through three core outputs:

Number of enterprises receiving support – 1250 enterprises to be supported by either 12 hours of intensive business support or financial support through the grant scheme

Number of new enterprises supported – a subset of the above enterprises will be new or young firms who have been trading for under 12 months

Number of enterprises supported to introduce ‘new to the firm’ products – a subset of the above enterprises will be supported to undertake an investment project where a grant of a minimum of £1000 will be paid towards the overall cost of an investment.

- 4.9 Based on previous Leeds City Region business support programmes, Leeds City Council estimate the benefits to the Craven District being 46 enterprises supported with an increase in GVA of £2.5m, creation of an additional 34 jobs and £115,000 investment through grant support.

Local Promotion

- 4.10 Although the Digital Enterprise business support programme will deliver promotional activity on a City Region basis previous programmes have demonstrated the benefit of local demand stimulation and promotion. As such is recommended that up to £2,750 is allocated over the three year programme to fund the cost of promoting this and other business support programmes within the Craven District.

5. The Council's Contribution

- 5.1 It is proposed that the funding requested at recommendation 2.2 is allocated from the Council's New Homes Bonus Infrastructure Reserve. As at Minute POL.384/11-12 it was agreed that the Council's New Homes Bonus receipts should be used for the provision of infrastructure to support the community and economy of Craven through three priority actions – the Localism Reserve, the Infrastructure Reserve and the Empty Homes Reserve.
- 5.2 The purpose of the Infrastructure Reserve is to support the development of infrastructure that meets the needs of communities and the economy by providing significant levels of match funding for infrastructure schemes.
- 5.3 Within the Infrastructure Reserve one of the four agreed themes; the Rural Broadband theme, aims to provide high-quality broadband to 100% of businesses and citizens in Craven by 2017 to enable all to participate in the digital world so that they can carry out their business when and how they wish.
- 5.4 Although partly a business support programme the Digital Enterprise programme will fund capital grants for enterprises to improve their connectivity and technological resilience. As the Council's contribution will unlock access to capital grants that will improve the infrastructure of the District's business stock it is proposed that an annual contribution of up to £4,000 for three years from 2016/17 to 2018/19 (total £12,000) be funded from the New Homes Bonus Infrastructure Reserve as shown in Table 2. below.

Table 2. Craven District Council Allocation

	Programme Contribution	Demand Stimulation	Total
2016/17	£3,080	£920	£4,000
2017/18	£3,080	£920	£4,000
2018/19	£3,090	£910	£4,000
Total	£9,250	£2,750	£12,000

6. Implications

Financial and Value for Money (vfm) Implications –

- 6.1 To ensure that the core offer support as outlined in paragraph 4.3 above is available in each district, a total cash match of £250,000 from local authorities has been requested – this is less than 3% of the programme value. Using the latest business stock data the contribution from each local authority are shown in Table 3.

Table 3. Local Authority Cash Contributions

Local Authority	No. of SMEs in LCR	% of total in LCR	SMEs to be assisted by programme	Local Authority match funding sought £ (over 3 years)
Bradford	15,050	15.2	190	£38,000
Calderdale	7,980	8.0	100	£20,000
Craven	3,665	3.7	46	£9,250
Harrogate	9,325	9.4	118	£23,500
Kirklees	14,140	14.2	178	£35,500
Leeds	27,500	27.7	346	£69,250
Selby	3,695	3.7	46	£9,250
Wakefield	9,865	9.9	124	£24,750
York	8,105	8.2	103	£20,500
Total	99,325	100.00	1250	£250,000

- 6.2 Combined with demand stimulation and promotional activity it is recommended that the contribution requested from the Council of up to £4,000 per annum be allocated from the New Homes Bonus Infrastructure Reserve.
- 6.3 As the level of investment available to commit through the New Homes Bonus is directly related to income received from Government it was agreed that decisions will only be presented to Members once sufficient funding has been confirmed.
- 6.4 Table 4. below shows the current balance of the Infrastructure Reserve. If Members were minded to approve all the recommendations at this committee the remaining balance of the Reserve will be £404,511.

Table 4. Infrastructure Reserve Funding Profile

Reserve	Current Uncommitted Balance	Potential Commitments at this Committee	Balance after potential commitments
Infrastructure Reserve	£431,511	£27,000	£404,511

- 6.5 As one of the four themes in the Infrastructure Reserve it is recommended that the contribution is allocated from the rural broadband theme with a resulting balance of £70,296 as shown in Table 5.

Table 5. Rural Broadband Theme Funding Profile

Rural Broadband Theme	Amount
In Principle Total Allocation (based on data available up to 2015/16)	£174,171
Previous Commitments	£91,875
Potential Commitments in this Report	£12,000
Balance (based on 15/16 data)	£70,296

- 6.6 To support the Council's involvement in the Digital Enterprise Business Support programme it is recommended that the annual contribution of up to £4,000 is included within the Council's revenue budgets for three financial years from 2016/17 to 2018/19.

Legal Implications –

- 6.7 Leeds City Council will be the accountable body for the programme and will hold overall responsibility for the ERDF contract with DCLG; entering into agreements with project delivery partners and ensuring compliance with state aid laws.
- 6.8 Subject to approval of the recommendations in this report and the successful outcome of the full ESIF bid the District Council will confirm its contribution through a written agreement with Leeds City Council.

Contribution to Council Priorities –

- 6.9 The proposal in this report contributes to the delivery of the Council Plan (2015 – 2018) through the Enterprising Craven priority to support business growth across Craven. It also supports the delivery of the Economic Development Strategy for the Craven District (2010 – 2016) by enabling business growth in addressing business performance.

Risk Management –

- 6.10 There are no significant risks associated with approving the recommendations of this report.

Equality Analysis –

- 6.11 As the lead partner for the Leeds City Region, the Leeds ESIF programme and the accountable body for the proposed Digital Enterprise an equality analysis will be conducted through the development of the programme by Leeds City Council.

7. Consultations with Others –

Financial Services
Legal Services

8. Access to Information : Background Documents –

None

9. Author of the Report –

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Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

10. Appendices –

None