

NORTH LINCOLNSHIRE COUNCIL

**REGENERATION, MARKETING &
STRATEGIC FINANCE CABINET MEMBER**

REGIONAL GROWTH FUND

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To approve the submission of bids to the Regional Growth Fund.

2. BACKGROUND INFORMATION

- 2.1 This report is urgent due to the timescale for submission of bids for the Regional Growth Fund (RGF) for which the deadline is Friday 21 January 2011. The guidance was launched in Autumn 2010 and initial work was undertaken to ascertain the interest in the fund. Detailed work commenced on a number of proposed bids both by the private sector and in partnership with the Council from November 2010 onwards. Significant work has been required to fully work up the bids. Information was not received in time to be able to submit the report to the last meeting of the Cabinet Member Briefing and has now been received to be able to confirm the bids.
- 2.2 The Coalition Government has developed the Regional Growth Fund to “create a fairer and more balanced economy, where we are not so dependent on a narrow range of economic sectors, and where new businesses and economic opportunities are more evenly shared between regions and industries”. The fund will replace monies that currently are given to the Regional Development Agencies (eg Yorkshire Forward) to support economic opportunities.
- 2.3 The two main objectives of the fund are:
- (a) To encourage private sector enterprise by providing support for projects with significant potential for economic growth and create additional sustainable private sector employment, and

(b) To support in particular those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.

- 2.4 There is potentially £1.4bn over the next three years in the fund. However, this is significant less than the monies currently received by the RDA's for economic purposes and therefore the demand and competition will be high. It is anticipated that there will be £250m available in the first year for projects that can start in 2011/12.
- 2.5 There will be a minimum of 2 bidding rounds – the first will close on 21 January 2011 and will be open for applications for both projects and project packages. The first bidding round is intended for projects that are at an advanced stage of planning and will go straight to the full assessment stage.
- 2.6 The fund is open to applications from the private sector and public/private partnerships. There are potential issues relating to state aid for the private sector and these will be looked at on an individual basis. The public sector can lead on a bid but only if it is part of a public/private partnership.
- 2.7 It was anticipated that bids for the Regional Growth Fund would be supported and/or approved by the Local Enterprise Partnership (LEP). However, it has been recognised that where no LEP is progressing in an area bids will not be disadvantaged but that support from existing strategic groups in the area be sought.
- 2.8 The Council has approached the private sector to identify if there are any potential private sector bids. There are also a number of projects that fit the criteria for the Regional Growth Fund that the Council is already involved in with the private sector, namely: South Humber Gateway, Lincolnshire Lakes and the development of a North Lincolnshire Enterprise Agency. However, the latter two are not in a position to progress to full assessment stage and will be developed further for submission in Round 2.
- 2.9 A list of proposed bids for submission in Round 1 of the Regional Growth Fund is attached as Appendix "A", showing a resume of the project, funding sought and partnership arrangements.

3. OPTIONS FOR CONSIDERATION

3.1 Option 1 – Support the submission of the proposed bids

To support the submission of all the proposed bids that cover the North Lincolnshire area including those led by private sector organisations and

those that the Council is leading on behalf of a private/public sector partnership.

Option 2 – Support the submission of some of the proposed bids

To support the submission of only a number of the bids included on the Appendix that will have the greatest economic impact for the North Lincolnshire area.

Option 3 – To do nothing and not support the submission of the proposed bids

To not support the submission of any bids to the Regional Growth Fund.

4. **ANALYSIS OF OPTIONS**

4.1 Option 1 – To support the submission of the proposed bids

The Council has sought interests from the private sector to identify schemes that could attract RGF. This demonstrates the desire to meet the private sector focus of the fund. It is anticipated that the first round will be significantly oversubscribed so the bids that can demonstrate immediate start dates and deliverability are more likely to be successful. By supporting all the bids identified on the Appendix will give the greatest opportunity for funding to be secured for the area.

4.2 Option 2 – To support the submission of some of the proposed bids

That the Council support the submission of the bids that involve the Council in a private/public sector partnership and encourage the private sector bids to seek support from strategic groups across the Northern Lincolnshire area. Or to identify those schemes that will give greater economic impact for the area and give greater priority to those schemes for submission in the first round.

4.3 Option 3 – Do nothing and not support the submission of the bids

That the Council does not support any bids being put forward to the RGF which may result in no funds being secured through the RGF.

4.4 Option 1 is the preferred option.

5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 Financial

The Government has not confirmed whether local authorities will be required to act as the accountable body for all successful RGF bids (including those led by the private sector). If this was the case there will be financial implications in relation to being the accountable body. Should this be confirmed a full review of the implications will be undertaken and a further report submitted for consideration.

5.2 Staffing

Following on from the paragraph above, if the Council was asked to be the accountable body there would be a resource implication for submitting claims and undertaking monitoring and evaluation. It is anticipated at this stage, that this could be met from within the existing structure and is being dealt with as part of the wider staffing review.

6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

6.1 None.

7. **OUTCOMES OF CONSULTATION**

7.1 The RGF has been promoted nationally and information is widely available to both public and private sector organisations.

7.2 Local businesses have had the opportunity to identify potential schemes for submission.

8. **RECOMMENDATIONS**

8.1 That the Council support the submission of all the bids to the Regional Growth Fund as outlined in Appendix A.

8.2 That should it be confirmed that the Council is required to act as the accountable body for successful RGF bids a full impact review be undertaken and a further report be submitted to Cabinet Member for consideration.

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Background Papers used in the preparation of this report
Regional Growth Fund – Information for Applicants

REGIONAL GROWTH FUND RESUME OF BIDS – BID 1

Applicant/Partnership: Able UK Ltd
Project: Able UK Ports and Logistics Park
<p>Description:</p> <p>Land preparation, transport infrastructure and building construction.</p> <p>The project will encourage a multiplicity of private sector investment in transportation, waste disposal and power generation, manufacturing and related services and research and development in regard to the renewable sector particularly off-shore wind.</p> <p>Over the next seven years the project will assist with the creation of 4,500 new private sector jobs which will begin to emerge in 2013. These jobs will provide private sector employment to counteract the expected loss of public sector employment. The dependency of public sector employment in North Lincolnshire currently stands at 22%. The impact of this project will extend beyond the boundaries of North Lincolnshire and aid neighbouring local authority areas.</p> <p>Able UK will be investing £100m in this project over the next 7-10 years.</p>
<p>Economic Impact:</p> <p>The facilitation of approx 4,500 new employment opportunities within the private sector.</p>
Funding Sought: £11m from RGF

REGIONAL GROWTH FUND RESUME OF BIDS – BID 2

Applicant/Partnership:	QHotels Forest Pines & North Lincolnshire Council
Project:	The 2015 Solheim Cup
Description:	<p>QHotels (a Yorkshire based company) and the management team of their Forest Pines Hotel & Golf resort in North Lincolnshire, seek to implement a 10 year Golf Events Plan, to include bidding for and staging the Solheim Cup in 2015 or 2019. Event programming costs are estimated at a maximum of £6.25 million and a likely £3 million – between 2009 and 2019.</p> <p>The golf events are globally recognised amateur and professional tournaments and in the case of the Solheim Cup, can attract up to 100,000 spectators over the course of the event. The indicative economic impact of these events is estimated at £18-£20m. All attract international media and television coverage from well before during and enduring the event.</p> <p>The Solheim Cup has never been hosted in England and if Forest Pines was chosen it would bring significant economic benefits to the area as well as boosting its profile. In addition, QHotels have already secured supporters and partners within the PGA, including Tony Jacklin, of PGA Hall of Fame and is working with North Lincolnshire Council.</p> <p>The proposed timescales are 1st April 2011 – 31st December 2015.</p>
Economic Impact:	<p>Will provide direct private sector job creation in a leading growth sector, that of tourism and leisure, whilst having a positive indirect impact of encouraging the take-up of sport within young people of school age. The project will also be the catalyst for economic growth and private sector development through private sector sponsorship and promotion of the area in a highly positive way both nationally and globally.</p> <p>There will be a positive impact on:</p> <ul style="list-style-type: none">▪ Accommodation – increased levels of occupancy around Solheim Cup events▪ Business/Investment – business to business development and local business investment in relation to the Solheim Cup▪ Conferences – Attendees and spend for those linked to the hosting of the event▪ Employment – Additional numbers employed in catering and supplies for Solheim Cup contracts and those gained due to association of supplying products and services▪ Entertainment – Entertainment within local events in the run up and legacy of the event eg locally based supplies and spend by attendees

- Environment – Development of a pro-active strategy linked to positive PR for golf features using pro environmental factors
- Golf – Both the local and tourism factors of attracting new players and visitors to play on local courses and their relevant spend
- Image/PR – PR valuation of key words and images used to describe and show the event
- Infrastructure – Upgrades and refurbishments undertaken due to the need for hosting the Solheim Cup
- Marketing – Direct income from sponsorship, local suppliers, attendees, employment and media coverage of the Solheim Cup events and other events linked to the Solheim Cup
- Media – Pre and post coverage of the event giving direct and indirect mentions and strengthening the global profile
- Merchandise/Logo – Benefits to the local economy for official Solheim Cup merchandise sources through local suppliers and income from the Solheim Cup's own official merchandise range and use of logo. This also applies to QHotels
- Operations/Supply – Any use of local supplies and services such as transport, electrics, plumbing and catering for functions and events around the event
- Property – Any increase in housing and prices around Forest Pines QHotel
- Sponsorship – Any income from official and local Solheim Cup sponsors who leverage their association around the event
- Tourism – both non-golf and golfing. Measured through Welcome to Yorkshire and Welcome to England monitors.

Funding Sought: £7.5m from Regional Growth Fund

REGIONAL GROWTH FUND RESUME OF BIDS – BID 3

Applicant/Partnership: John Carson Innovations
Project: North Lincolnshire Pivotal Innovation Centre
<p>Description:</p> <p>The North Lincolnshire Pivotal Innovation Centre ("the Centre") (NLPIC) will generate wealth for the region based on the practice of a unique form of business innovation that will initiate re-industrialisation. This wealth creation will be achieved via the training of would-be innovative entrepreneurs to practice the j c i Pivotal Industry Creation system which routinises the generation of new industry initiatives across all manufacturing sectors of the SIC.</p> <p>"The Centre" will provide the necessary creativity and entrepreneurship training services and the proficient entrepreneurs will produce prototypical new products for sale to regional SMEs and Major Corporates. The primary service that will be provided by "the Centre" will be training in Innovative Entrepreneurship through Pivotal Industry Creation.</p> <p>The principle application of the Innovative Training Services provided by "the Centre" will be the pursuit of commercial pivotal innovations for locally established precursor industries. The targeted outcome from the application of this training is viable innovative ventures for each proficient Innovative Entrepreneur, trained at "the Centre". The ultimate output from "the Centre" will be prototypes of new products developed for locally established precursor industries. These prototypical new products will be developed and then sold in the form of limited liability venture companies. They may be sold individually but more usually in small clusters i.e. "pivotal initiatives". Groupings of pivotal initiatives i.e. "endeavours" will have innovative potential sufficient to change the business orientation of the established precursor industries.</p>
<p>Economic Impact:</p> <p>The project will provide:</p> <ul style="list-style-type: none">• Employment - "The Centre", ie the project, will initially recruit and employ 15 full time staff, rising ultimately to 17• Entrepreneurship - the project will provide entrepreneurship training for up to 64 individuals per annum. Of these it is estimated that during the first 10 years 344 will go forward to generate their own entrepreneurial companies, either as Sole Traders or Limited Liability Companies• Productivity enhancement - in the form of manufacturing improvement innovations for SMEs in the North Lincolnshire area. It is estimated that 91 such productivity enhancement ventures will be entrepreneurially developed and sold in the ten years

- Research, development and innovation - the project will further develop significant innovation-based new industry initiatives for SMEs and Major Corporates in the North Lincolnshire area. For example it is expected that approximately 100 production innovations will be created and patented during the 10 years by the 91 Entrepreneurial Venture Companies
- New industry creation - cumulatively these 91 entrepreneurial Venture Companies will provide rejuvenation for three major industry endeavours in the North Lincolnshire area, within the first three years
- Economic recovery - a national network of Pivotal Innovation Centres will have the potential to play a major role in the UK recovery from recession, based on a rejuvenated manufacturing industry base

Funding Sought: £1.1m from RGF