

East Herts Council Report

Executive

Date of meeting: 24 November 2020

Report by: Councillor Jan Goodeve, Executive Member for Planning and Growth

Report title: European Regional Development Fund – Launchpad 2 project

Ward(s) affected: All

Summary – Executive approved submitting a bid for ERDF funds in February 2019 we are now seeking approval to move ahead with the project following its success.

RECOMMENDATION for EXECUTIVE:

- a) That, subject to the outcome of a procurement process for awarding a contract for business support, the ERDF-supported Launchpad 2 project proceeds.

1.0 Proposal(s)

- 1.1 That Executive agree to begin the Launchpad 2 project following agreement in February 2019 to make a bid for ERDF funds.

2.0 Background

- 2.1 On 12th February 2019 Executive approved making a bid to the European Regional Development Fund (ERDF) for the Launchpad 2 Project. This entails:

- A three year project worth £1.2m revenue, with 50% of this coming from ERDF match funding
- Upscaling the Launchpad to create a 'hub' of business support in Bishop's Stortford (servicing business needs in and around the London Stansted Cambridge Corridor) with a satellite facility in Ware (servicing business needs in the South and West of the district).
- A package of revenue support for businesses primarily aimed at the post start-up phase which will take the form of either a match funded grant (£3 - £5k) or 12 hours of essential support to entrepreneurs in the form of mentoring, workshops and networking opportunities
- Generic support for businesses in early growth phase (eg. moving from the home/ spare room to premises)
- Targeted support for the bio-science sector and its associated value chain
- Targeted support for the Airport Maintenance, Repair and Operation (MRO) sector and its associated value chain
- Targeted support for social enterprise from start up through to growth phases
- Providing a legacy for East Herts: at the close of the 3 year project to have ensured more businesses are successful in the district, have a pipeline of businesses ready to move to facilities in new developments (eg. Old River Lane/ Northgate End, Goods Yard) and to build foundations of a sector strengths in bio science, MRO and social enterprise

2.2 The full paper to Executive can be found here:

<http://democracy.eastherts.gov.uk/documents/s47749/Bid%20to%20the%20European%20Regional%20Development%20Fund%20for%20Launchpad%202%20Project.pdf>

2.3 The bid was submitted to the ERDF via the Ministry of Housing, Communities and Local Government in March 2019 with the

anticipation of starting the project in late 2019. The approval process took much longer than anticipated however the grant funding agreement was eventually signed in July of this year. The project will now run until late 2023 if approved. Hilary Marsh was appointed as the Contract and Project Manager on a three year fixed term contract in July.

2.4 In the meantime we have continued to develop the Launchpad by utilising empty space in Charrington's House and working with Ware Town Council to open the satellite facility in the Priory (opened August 2019).

2.5 Delivery of the project is essentially a mixed approach. We will be utilising existing costs and resources where possible as part of our match contribution. In terms of providing targeted, sector-based support to businesses this is not something we have the expertise to do and will be inviting a third party to deliver this service through an OJEU tender as the total value is £300,000. This will be made up of a cash contribution of £150,000 over three years and a matched contribution of the same amount.

2.6 The council has begun the process of procuring this support in line with OJEU regulations. The advert was placed on 19th October and the deadline for submissions is 23rd November. We hope to have completed the evaluation process and identified the successful bidder by 7th December. The contract can then be awarded 18th December with commencement from 1 January 2021. The award can be made by the Head of Communications, Strategy and Policy under existing delegations within the Council's constitution.

2.7 The full specification can be found at Appendix A. Outputs include the following:

- 55 businesses receiving support (including 30 businesses awarded grants ranging from £3,000 to £5,000 and a

minimum of 25 businesses supported with non-financial support). Support can include 1:1 support, development of peer support, arranging and facilitating networking events and seminars

- £135k private investment matching public support to businesses
- 17 new staff members employed by supported businesses
- 2 businesses bringing a new product to the market
- 2 businesses bringing a new product to their firm
- A minimum of 115 Businesses receiving information, diagnostic and brokerage support

2.8 There have clearly been significant challenges to the macro economy since the bid was made. However we intend to proceed as planned and hope that the appetite for business support in these particular sectors will still exist. This project will also be an important part of our overall economic development and business support service.

2.9 Once the award has been made and subject to Executive views, the project can begin in earnest with a virtual launch to raise its profile and begin supporting local businesses.

2.10 The financial details underpinning the project can be found in the original report to Executive in February 2019. However a summary over the three years – specifically picking up the cash contribution as outlined in (2.5) can be found below:

| Item | ERDF Contribution | EH cash match | EH “in kind” match | Match from businesses | Total |
|-------------------|-------------------|---------------|--------------------|-----------------------|-------------------|
| Contractor costs | £150,000 | £150,000 | | | £300,000 |
| Grants | £135,000 | | | £135,000 | £270,000 |
| EH existing costs | £318,167 | | £318,169 | | £636,336 |
| Total | £603,167 | £150,000 | £318,169 | £135,000 | £1,206,336 |

2.11 EH Costs of £318,169 includes existing costs which we can include within the project and therefore leverage match funding for. This includes 50% of the salary for the Contract and Project Manager, 50% of the salary for the Launchpad Co-ordinator, 20% of the salary for the Economic Development Manager and 50% of the eligible fixed costs for running the Launchpad. In total this equates to £106k per year.

2.12 Unfortunately there is still a shortfall of some £150,000 required from East Herts to make up our total match contribution (£50,000 per annum over 3 years). This was approved by Executive in February 2019 however we anticipate that no reserves will be required. Instead income generated from the Launchpad will be used as our cash contribution essentially meaning that the project overall does not require additional financing from East Herts Council. However we are required to make £50,000 of income from the Launchpad per year and where this cannot be achieved funding will need to be found from within existing economic development budgets.

2.13 In 2019/20 income exceeded £50,000 however the venue was forced to close in late March due to Covid-19 restrictions and only opened in July with social distancing measures in place. Since re-opening, income has quickly recovered to pre-Covid levels at around £5k per month. Provided no further restrictions are imposed we are confident our cash contribution to the project can be met. In addition we are currently looking at contingency arrangements for another venue subject to any development at the Old River Lane site.

3.0 Reason(s)

3.1 Executive approved submitting a bid for ERDF funds in 2019 but have received no further update on progress since that time. As the bid was approved and the project governance

arrangements are now in place we are in a position to launch the project.

4.0 Options

4.1 Executive could decide to not support the project.

5.0 Risks

5.1 Not supporting the project would mean some £600k of match funding is not leveraged into the district and a number of businesses who could receive support miss out.

6.0 Implications/Consultations

6.1 None

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Yes – all funding implications outlined in February 2019 report

Health and Safety

No

Human Resources

Yes

Human Rights

No

Legal

Yes – delegated authority of up to £500,000 contract award within existing budgets is granted for heads of service in the constitution

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix A – Contract specification

Contact Member

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