

Cabinet

14 December 2021

Name of Cabinet Member:

Cabinet Member for Jobs, Regeneration and Climate Change - Councillor J O'Boyle

Director Approving Submission of the report:

Director of Business, Investment and Culture

Ward(s) affected:

All

Title:

Coventry Creative Growth and Cultural Tourism Recovery Programme – Community Renewal Fund Successful Application

Is this a key decision?

No

Executive Summary:

Coventry City Council (CCC) has been successful in its application to the West Midlands Combined Authority for £751,306 to be allocated through the Community Renewal Fund (CRF) to enable the delivery of a pilot project (expected to be 7 months duration) up to 30th June 2022 which will support the continued growth and competitiveness of cultural sectors in Coventry, not least through realising the unique opportunities presented by UK City of Culture 2021, the 2022 Commonwealth Games and associated Legacies.

Through the CRF Pilot, CCC will lead a partnership to *deliver an integrated business, skills and employment support package to Coventry's cultural sectors, which include creative industries, tourism & hospitality, events, and businesses/freelancers supplying these sectors.*

The CRF was announced at the March 2021 Budget. It is principally revenue funding and has four themes – Investment in Skills, Investment for Local Businesses, Investment in Communities & Place, and Supporting People into Employment. A key purpose of CRF is deliver pilot initiatives (including new innovative concepts) that could act as the forerunner for activities that could be potentially delivered through UK Shared Prosperity Fund (UKSPF - the Government's successor to European Regional Development Fund - ERDF and European Social Fund - ESF), which is expected to be launched in either 2022 or 2023.

Through the successful application, CCC (working with our Delivery Partners) will be able to build on its extensive track record of delivering successful economic and social development programmes through ERDF and ESF, and also pilot new ways of delivering business, skills and employment support services which could then be taken forward through UKSPF – this is expected

to be an important funder of many of CCC's economic and social development activities after ERDF and ESF funding in the UK ends in 2023.

Subject to approval, CCC will engage in a contracting process with West Midlands Combined Authority (WMCA) who are the Lead Authority for the overall funding received from Government. Following the signing of this Funding Agreement, it will also need to develop Grant Aid Agreements with our Delivery Partners before project activities can formally start.

This report provides information on the bid and requests Members' approval for the Council to accept the grant allocation in order to deliver the pilot project.

Recommendations:

The Cabinet is asked to:

- 1) Approve the acceptance and drawdown of the grant funding totalling £751,306 for CRF to be utilised in delivering the City's priorities as set out in this report.
- 2) Delegate authority to the Director of Business, Investment and Culture, following consultation with the Director of Finance, the Director of Law and Governance and the Cabinet Member for Jobs and Regeneration, to negotiate the final terms and approve entry into:
 - a) the funding agreement with WMCA for CRF funding allocation; and
 - b) back to back agreement with such delivery partners as is deemed necessary to deliver the City's priorities as set out in this report.
- 3) Following completion of the actions set out in recommendation 2), delegated authority is given to the Director of Business, Investment and Culture, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change and Cabinet Member for Education and Skills, to manage the administration of the CRF Grant Funding Agreement with WMCA and the Grant Aid Agreements with the delivery partners to ensure compliance in accordance with their terms.

List of Appendices included:

None

Background papers:

None

Other useful documents:

[Economic Growth and Prosperity Strategy](#)
[West Midlands Local Industrial Strategy](#)

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

The Community Renewal Fund (CRF)

1. Context and CCC-led Funding Application

- 1.1 The CRF was announced at the March 2021 Budget. It was announced as a £220m UK-wide fund to deliver pilot initiatives (particularly new innovative concepts) that could act as the forerunner for activities that could be potentially delivered through UK Shared Prosperity Fund (UKSPF - the Government's successor to European Regional Development Fund - ERDF and European Social Fund - ESF), which is expected to be launched in either 2022 or 2023.
- 1.2 CRF is principally revenue funding and has four themes – Investment in Skills, Investment for Local Businesses, Investment in Communities & Place, and Supporting People into Employment. Similar to the Levelling Up Fund, CRF forms part of the Government's Levelling Up Agenda, and decisions on the allocation of funds are driven heavily by the four themes and Government's ranking of places on need for "levelling up" (Coventry is not ranked in the Government's 100 priority places for "levelling up", and has been placed in the second of three tiers).
- 1.3 In response to the call for applications, launched on 5th March 2021, CCC (through its Economic Development and Employment & Skills Services) has worked with some of the most prominent local business and employment support partners to develop *an integrated business and employment support package to Coventry's cultural sectors, which include creative industries, tourism & hospitality, events, and businesses/freelancers supplying these sectors*. The rationale behind this includes:
 - These sectors have been particularly badly affected by the COVID-19 pandemic, notably through loss of income and subsequent labour shortages;
 - Although successful over many years, our ERDF programmes that are open to most sectors have not engaged high numbers of businesses from these sectors;
 - Unemployment levels in our most deprived areas and amongst disadvantaged groups has increased significantly since March 2020, and ESF eligibility criteria means we cannot supply the full range of employment support that is needed;
 - UK City of Culture 2021, 2022 Commonwealth Games and forming strong legacies provides a unique opportunity for Coventry nationally;
 - We anticipate a need to continue supporting businesses in these sectors beyond June 2022 through UKSPF, and the CRF pilot could provide lessons of how we engage effectively with and deliver support to such businesses.
- 1.4 CCC submitted the application to WMCA on 12th May 2021, which was the requirement for all projects seeking to deliver activities in the Constituent Local Authority areas. We were then informed on 18th June 2021 that WMCA had shortlisted the council's application as part of the overall funding request to the Department for Levelling Up, Housing & Communities'. We were then informed on 3rd November 2021 that the application had been approved in the national announcement of [successful bids](#).

2. Building on our Track Record of Economic and Social Development Programmes

- 2.1 This project would build on the Council's extensive and strong track record in managing major economic and social development programmes. Since 2016, the Council has been Delivery partner for over £50m of ERDF and ESF funding that has entailed the delivery of major partnership programmes to support local businesses to grow and innovate, to improve the skills of the local workforce and to support workless residents to access employment or training. Between 2019 and 2023 alone, we expect these programmes

to have supported over 1,500 SMEs to grow, create over 1,200 new jobs, and deliver £10.3m of business grants that would lead to a further £29m in business investment.

- 2.2 The Council has also acted as Delivery partner for over £150m in capital infrastructure funding for the Coventry & Warwickshire Growth Deal and Getting Building Fund. In both cases, the Delivery partner function has been effective in ensuring that contracted expenditure and output targets have been achieved, notably through robust systems for commissioning and subsequently monitoring project activities.
- 2.3 This CRF Pilot would build on practices and delivery methods, including the effective co-ordination and management of a range of Delivery Partners to achieve common outcomes, whilst also piloting innovative new methods of service delivery that have not been permitted within ERDF and ESF eligibility rules.

3. Options Considered and Recommended Proposal

- 3.1 The first option could have been to decline the opportunity to apply for CRF funding, but this was quickly discounted because the Council has an excellent track record of using EU and UK Government funding to run successful projects (detailed in Section 2). It was also discounted on the grounds that it might put the Council in a less favourable position to apply for UKSPF.
- 3.2 An alternative option was to submit a CRF bids as part of a joint bid offer alongside another public/private organisation rather than as delivery partner in the manner set out in this report. This approach could provide some benefits in terms of reduced financial risk and programme management costs whilst still making CRF funding available for some of the Council's activities. However, within the city, there is not another appropriate partner with the track record to manage a large diverse project like the one covering the facets of business, skills and employment support together. Therefore, this option has been discounted.
- 3.3 The recommended option is for the Council to act as a Delivery Partner for this CRF project. This has maximised the level of CRF grant allocation which has been made available, and designates the Council to take a leadership role, working with our key partners, in how the CRF activities are delivered. As previously mentioned, the Council has an excellent track record of managing grants of this type; using them to create new jobs, improve employability and increase economic growth for Coventry. It will also put the Council in a stronger position to bid for UKSPF, which is expected to be a crucial funder of many of the Council's key economic and social development activities after EU Structural Funds end in 2023. It may also put the Council in a position to influence the more detailed design and focus of UKSPF.

4. Summary of the Project

- 4.1 CCC has applied to the WMCA for a total of £751,306 of CRF grant funds, proposing public and private match funding of £62,639, making a total project cost of £813,676. CCC will co-ordinate a partnership that also includes Coventry & Warwickshire Chamber of Commerce, CWLEP Growth Hub, Coventry College and Sky Blues in the Community to deliver this integrated package of business, skills and employment support that will facilitate the future growth and competitiveness of Coventry's cultural sectors (particularly creatives, tourism, hospitality and events).

4.2 The project will contain four thematic strands of activity:

- **(a) Co-ordination & Management.** The Delivery Partner function, liaison with WMCA as funding sponsor, and submission of claims.
- **1. Business.** Package of one-to-one support, workshops and small grants to enable tourism, hospitality, events and creative businesses and freelancers to grow, innovate and diversify. Further enhancements to CWLEP Growth Hub's "Find it in CW" portal to raise awareness of supply chain opportunities for these sectors, and further research into longer-term business and finance support needs of the sectors.
- **2. Skills.** Small grants to support businesses in the above sectors to upskill their workforce, and design of a portable apprenticeships scheme targeted at these sectors to provide improved training and employment opportunities longer-term.
- **3. Employment.** Targeted employment support at those furthest from the labour market and those in Coventry's most deprived areas (including Binley & Willenhall and Canley & Tile Hill). This includes outreach support, skills training courses, enhancements to CWLEP Growth Hub's CW Employment Solutions and incentives to businesses in target sectors to recruit residents from priority cohorts.

4.3 The key outputs and outcomes that are proposed to be delivered through the above activities are:

- 503 businesses will be supported through one-to-one support, one-to-many support and/or grants, which will deliver the following outcomes:
 - 40 Businesses introducing new products to the market as a result of support
 - 58 Businesses introducing new products to the firm as a result of support
 - 40 Employment increase in supported businesses as a result of support
 - 165 Jobs safeguarded as a result of support
 - 10 Number of new businesses created as a result of support.
- 460 Coventry residents will benefit from skills or employment support, which will deliver the following outcomes:
 - 135 People in education/training following support
 - 94 People gaining a qualification following support
 - 330 People engaged in job searching following support
 - 110 People engaged in life skills support following interventions.

4.4 In terms of timescales, the project was due to start on 1st September 2021 and end on 31st March 2022. However, due to decisions on funding awards taking longer than anticipated, the project will commence once the contracting process with WMCA is complete and will end on 30th June 2022.

5. Results of Consultation Undertaken

5.1 The CRF bid was developed by a partnership led by CCC. The partnership (including the organisations named in Section 4) brings together a broad representation of organisations working on economic development activities and training in Coventry and Warwickshire. This includes public and private sector partners, such as; other councils services, private companies, and third sector organisations. Coventry University Services was also consulted in developing the application to ensure alignment with current ERDF programmes that it is delivering in partnership with CCC.

- 5.2 Each partner had had the opportunity to influence the ESIF bid under the relevant themes, allowing the views of a wide range of people and businesses from Coventry and the local economy to be considered in the project design.
- 5.3 The ESIF bids deliver against the One Coventry Plan and Coventry Economic Growth & Prosperity Strategy, both of which underwent significant consultation processes.

6. Timetable for Implementing This Decision

- 6.1 The CRF application was first reviewed by WMCA, and subsequently shortlisted for the national funding award by Government. It was then assessed by the Department for Levelling Up, Housing & Communities (DLUHC), and CCC was formally informed by WMCA on 3rd November 2021 that the application was successful.
- 6.2 DLUHC will firstly issue a Funding Agreement to WMCA covering all 8 CRF projects that will be delivered within its Constituent Local Authority areas.
- 6.3 Once this is agreed, WMCA will issue CCC with a Grant agreement (as a Delivery Partner) that will set out the contribution of this project in terms of CRF grant, match funding and outputs and outcomes.
- 6.4 Once this is agreed, CCC will issue each of our delivery partners with a 'back to back' Agreement that sets out their contribution to project in terms of match funding/outputs and sets out how much CRF funding will be available to them.
- 6.5 Although the timescales will be heavily influenced by how long the steps detailed in 6.2 and 6.3 will take, the expectation is that this will be expected to be completed by the start of 2022 to enable a full six months of the delivery of support to end beneficiaries.
- 6.6 The project will run until 30th June 2022. At present, the Government has indicated that this will be a firm end date for completing all activities.

7. Comments from the Director of Finance and the Director of Law and Governance

7.1 Financial implications

- 7.1.1 The recommendations propose that the Council act as Delivery partner for this project, which totals £751,306 of CRF grant. Whilst there is some financial risk, there is no immediate implication of being the Delivery partner. Risk is discussed further in Section 8.2.
- 7.1.2 To achieve this, the Council will provide £27,606 of match funding from existing resources. Delivery Partners will also be providing £34,763 in match funding over the same period, making a project total of £814k as stated in the table below. The CRF project will provide a total of up to £115,380 in grant funding towards the Council's staffing costs and associated overheads.
- 7.1.3 The £813,675 total investment is entirely revenue funds. The Economic Development Service will monitor this to ensure grant is fully maximised.

7.1.4 **Table 1 – Summary of Financial Profile**

	CRF Grant	CCC Match Funding	Delivery Partner Match	Total
Total	£751,306	£27,606	£34,763	£813,676

If CCC or a Delivery Partner's level of match funding changes for any reason, CCC would need to notify this to WMCA as "lead body" for CRF.

7.2 **Legal Implications**

7.2.1 The legal implications of the recommendations have been considered and taken into account in the preparation of this report. The Council has power to enter into this arrangement under Section 1 of the Localism Act 2011

7.2.2 The Council will act as the Delivery partner for the CRF project on the terms of the agreement put in place between the Department for Levelling Up, Housing & Communities and WMCA (Lead Authority). The Council will be issued with a grant agreement containing terms and conditions which ensure that the Council delivers the project on eligible expenditures associated with the delivery of the project activities.

7.2.3 The terms and conditions will be devolved to the project's grant recipient to ensure that the Council meets its obligations to the UK Government and WMCA to secure the delivery of the projects and agreed outcomes.

7.2.4 In the event of non-compliance with the terms and conditions set out in any agreement entered into between the Council and the Funding Body, there may be a risk of clawback of the funding. This will be managed through strict monitoring and reporting (in addition to the measures identified in paragraph 8.2 of this report) which will minimise this risk.

8. **Other implications**

8.1 **How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?**

8.1.1 At its highest level, the CRF make a strong contribution to the One Coventry Council Plan, and particularly the Council's aims to promote the growth of a sustainable Coventry economy. This includes through supporting businesses to grow and helping local people into jobs – including through improving employability through access to skills and qualifications and creating routes into work, including apprenticeship opportunities. It will also contribute to the aim of improving the quality of life for Coventry people by improving educational outcomes.

8.1.2 The project will make a significant contribution towards delivering the outcomes of the Council's Economic Growth and Prosperity Strategy. This includes the Business theme, through providing first class support that will enable Coventry businesses to start, grow and prosper, and the People theme, through working with local businesses to create good quality jobs and pathways for people to access opportunities.

8.1.3 Given that the project will also support some businesses to improve adoption of ICT and in some cases develop new digitally-driven products or services, it will also contribute towards the carbon reductions commitments within the [Climate Change Strategy for Coventry 2020](#).

8.1.4 This project is strongly aligned with WMCA's strategic priorities stated within the Local Industrial Strategy. Under "Business", it will support business innovation and decarbonisation through transforming/diversifying operations and providing the foundation for longer-term job creation. Under "Employment" it will support the self-employed (including those in the gig economy) to increase work volumes, will support young people and NEETs, and those furthest from the labour market and outside of JCP and ESF support.

8.2 How is Risk Being Managed?

8.2.1 The Council will act as the delivery partner for a total £751,306 of CRF allocation funding and will be responsible for ensuring that the funding is spent in compliance with the Fund's regulations, and this will include ensuring that grant recipients use their grant correctly.

8.2.2 Managing these complex projects with several partners does present some risk, but the Council has a good track record for maintaining and achieving significant financial controls and well-established procedures for handling public funds and these will be applied to the CRF project in order to ensure that the best possible value is achieved for the Government's investment in the activities. Risk will be managed using the following approach:

- i. **Grant Aid Agreements** will be issued to partners which will pass on the risk of any funding claw back to partners in the event of non-compliance on their part.
- ii. Building on experience of other major CCC-led business, skills and employment support programmes (mainly ERDF and ESF funded), **an Operational Group of management-level representatives** from each of the partners will be established for the CRF project. The group will be chaired by the Economic Development Service, and will manage risk by ensuring that partners are on course to achieve their output targets and are keeping records correctly etc.
- iii. From a Governance standpoint, the project will report into the **single CCC Programmes Board** (CCC-led ERDF programmes currently report into this Board, and this system would ensure alignment between the CRF project and other key business support programmes). This is chaired by the appropriate senior manager from the Council to ensure that risk is sufficiently managed by major CCC-led economic and social development projects and programmes.
- iv. The delivery partner function will continue to be completed by the Council's Economic Development Service (EDS). This is **a specialist function which is responsible for managing large economic development funding contracts**. The team has a great deal of experience in this area and is currently managing funds worth £100m+ and is highly regarded by the Government's Cities & Local Growth Team.
- v. **Where grants are being awarded to businesses (we expect all awards to be under £10,000 and decisions on grant awards to be made rapidly), we will ensure the Delivery Partners have full records of the reasons for awarding the grant in appraisal documents** (reflecting fit with the project aims). Although risk to the Council is low given the grant values, the Management & Co-ordination function will quality check a sample of grant application and appraisal forms completed by Delivery Partners to ensure that grants are being awarded fairly and in line with project objectives.

8.3 What is the Impact on the Organisation?

8.3.1 HR Implications

Project Team staff are already in place to ensure successful delivery of such complicated partnership projects and the Council's ability to provide an adequate delivery partner function. Any new staff will be recruited on temporary fixed term basis.

8.3.2 Equality and Consultation Analysis (ECA)

The CRF project is likely to have a positive equalities impact. Many of the interventions are designed to assist people from groups which may otherwise struggle to access support. For example, the Employment strand will particularly target residents from Coventry's most deprived areas (notably Binley & Willenhall and Canley & Tile Hill), particularly women, over 50s, young people, the disabled and those made redundant through COVID-19 pandemic.

8.3.3 Implications for (or impact on) Climate Change and the Environment

The project is intended to have a positive environmental impact, not least through supporting businesses to apply more efficient processes and in some cases adopt digital technologies or create more digital based projects. Efforts will be made to ensure that the project minimises any negative environmental impacts by encouraging project staff to use public transport and keep electronic records where possible.

8.3.4 Implications for Partner Organisations?

Securing this CRF funding will allow the Council to part-fund the activities of important partner organisations working in business and employment support. Funding will be passed on to partner organisations through these programmes, giving them focused funding till June 2022 to deliver significant and aligned outcomes for residents and businesses in Coventry.

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