

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet Member for Regeneration and Environment – Delegated Powers Meeting
2.	Date:	6th September 2010
3.	Title:	Consultation on the Regional Growth Fund
4.	Programme Area:	Environment and Development Services

5. Summary

This paper informs the Cabinet Member of the development of the Regional growth Fund to provide support to and encourage private sector enterprise and job growth. Comments are sought on the draft response to central government regarding the Fund and endorsement that the response be submitted by the deadline of 6th September 2010.

6. Recommendations

- **To note the report.**
- **To comment on the draft response to central government on the Regional Growth Fund**
- **To agree to submission of the Rotherham response to BIS, by the submission deadline of 6th September 2010.**

7. Proposals and Details

On the 29th June 2010, the Coalition Government announced the creation of the Regional Growth fund, a £1bn programme to promote private sector enterprise and covering the period 2011/12 and 2012/13.

The two stated aims of the Fund are:-

- To encourage private sector enterprise by providing support for projects with significant potential for economic growth and create additional sustainable private sector employment.

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

It is also proposed that:-

- The Fund is a mixture of grant allocations to agreed geographical areas and a bidding process open to all parts of the country.
- Any bids must demonstrate financial backing from the private sector.
- There will be two bidding rounds, the first of which will close in December 2010 with decisions on which have been successful made by February 2011. The second bidding round will be held before the start of the 2012-13 financial year.
- Bidding will be a 2-stage process, so that following initial outline bids, those projects felt to have significant potential will be invited to submit a full bid.
- Bids are expected to be for amounts of £1m or more.
- Local Enterprise Partnerships (LEPs) are expected to play an important role, working with key partners to bring together bids for the areas that they cover.

Main issues within Rotherham's response

The main points raised with in the draft Rotherham response, a copy of which is attached to this report, are:-

- A large proportion of the Growth Fund should be allocated to areas of greatest deprivation and where the local economy is heavily reliant on the public sector.
- The Fund needs to be as flexible as possible to allow local decisions on what activity will best support and grow the local economy.
- Any decision on whether the Fund has a long term future, needs to be made once its impact can be properly evaluated.
- Any bids to the Growth Fund, should have to seek the endorsement of the LEPs as the strategic lead for the economic renewal of an area.
- We fully support the proposed 2-stage bidding process, requiring only an outline proposal to be submitted initially by the first submission deadline of December 2010.

8. Finance

With the reductions in YF's Geographic programme and the need for match money to draw down European funding, this is likely to be the main source of regeneration and regional development funding over the next few years.

In 2009/10 government grant to RDAs was £2.26bn, compared to a proposed annual spend for the Fund of £500m per annum. The Growth Fund therefore represents a large reduction on the budget formerly available for regional development.

9. Risks and Uncertainties

LEPs are likely to be the main structure for bidding into and distributing Growth Fund monies. These have still not been officially set up, with a deadline of 6th September 2010, for submission of suggestions structures. Therefore the formation of LEPs and the bidding into the Growth Fund are likely to be occurring at the same time.

10. Policy and Performance Agenda Implications

The Regional Growth Fund could theoretically contribute to activity under any of the themes of the Rotherham Community Strategy. However, in theory because of its remit to promote private sector enterprise its main impact will be against the Achieving theme.

11. Background Papers and Consultation

A copy of the consultation document is attached as an appendix to this paper.

RMBC Finance have been consulted on this report

Partners from the LSP have been consulted through the Achieving, Enterprise and Work and Skills Boards, to ensure that a cross-Rotherham response is submitted.

RMBC have recently contributed to a joint City Region response to a BIS Committee inquiry into LEPs and the Regional Growth Fund

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