

Report Title	Strategic Investment Fund – Drawdown of remaining Future Innovation Fund monies to enable the delivery of the LCR High Growth Programme
Portfolio Holder	Inclusive Economy and Third Sector
Summary of decision being sought	This report seeks approval to drawdown the final tranche of Future Innovation Fund (“FIF”) funding from the re-purposed Brexit Resilience Fund to allow a third call of the Fund to be opened for applications.
Is this report exempt?	No
Is this a Key Decision	Yes
Local Authorities affected	All
<u>Impact and implications of this report</u>	
Financial impact	Yes see paragraph 4.1
Authorisation of decision sought and details of approval	N/A
Supporting the Corporate Plan	A Fairer City Region <input checked="" type="checkbox"/> A Stronger City Region <input checked="" type="checkbox"/> A Vibrant City Region <input checked="" type="checkbox"/>
Climate Change Implications	Yes see paragraph 4.3
Equality and Diversity implications	Yes see paragraph 4.4
Social Value implications	Yes see paragraph 4.5
Human Resources implications	No
Physical Assets implications	No
Information Technology implications	No
Legal implications	Yes see paragraph 4.6
Risk and Mitigations	Yes, see paragraph 4.7
Privacy implications	No
Communication and consultation implications	Yes see paragraph 4.8
Contact Officer(s)	Ben Heywood, Senior Investment Manager

ben.heywood@liverpoolcityregion-ca.gov.uk

07557 086455

Adam Collins, Investment Analyst (Enterprise)

adam.collins@liverpoolcityregion-ca.gov.uk

07786 028919

Appendices

No

Background Documents

No

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: Liverpool City Region Combined Authority

Meeting: 10 June 2022

REPORT OF THE PORTFOLIO HOLDER INCLUSIVE ECONOMY AND THIRD SECTOR AND EXECUTIVE DIRECTOR OF INVESTMENT AND DELIVERY

STRATEGIC INVESTMENT FUND – DRAWDOWN OF REMAINING FUTURE INNOVATION FUND MONIES TO ENABLE THE DELIVERY OF THE LCR HIGH GROWTH PROGRAMME

1. PURPOSE OF REPORT

- 1.1. This report seeks approval to drawdown the final tranche of Future Innovation Fund (“FIF”) funding from the re-purposed Brexit Resilience Fund to allow a third call of the Fund to be opened for applications. Approval is also sought to adjust the terms of the FIF to allow the FIF funding allocation to be combined with CA approved (on 20 September 2021) allocation to the Growth Platform of £1m of European Regional Development Funding (ERDF) High Growth Programme funding in order to increase the scale of the FIF under a new name, the “High Growth Innovation Fund”.

2. RECOMMENDATIONS

- 2.1. It is recommended that the Combined Authority:-
 - (a) approves the allocation to the Growth Platform of the remainder of the previously approved £3,000,000 Future Innovation Fund allocation resulting in a release of £869,975; and
 - (b) approves the combination of this funding with the previously approved European Regional Development Fund High Growth Programme funding to enhance the scale of the Future Innovation Fund project; and
 - (c) grants delegated authority to the Executive Director of Investment and Delivery in consultation with the Chief Legal Officer and the Executive Director of Corporate Services, to finalise detailed funding terms and associated agreements for the Future Innovation Fund allocation at (a) above.

3. BACKGROUND

- 3.1. The £3m Future Innovation Fund (FIF) was created with monies repurposed from the Brexit Resilience Fund for Covid-19 related purposes. Rounds 1 and 2 of FIF delivered £1m each in grants to small and medium sized enterprises (SMEs) operating in the Liverpool City Region for projects aimed at innovation or adaptation

of products and services which demonstrated a commercial market impact within 6 months. An opportunity arose for the remaining FIF funding to generate matched funding from the European Regional Development Fund (ERDF). This provides the potential to run an extra round of FIF and place an extra £1m into the LCR economy.

- 3.2 The FIF funding being considered is comprised of monies repurposed from the Brexit Resilience Fund. This repurposing was approved by way of a decision taken by the Combined Authority Chief Executive on 8th April 2020 (exercising authority in accordance with the Constitution (March 2020) (Part 3, Section G paragraph 4). These emergency decision making powers by the Chief Executive were time limited and have since been removed from the Constitution.
- 3.3 The funding now being requested will allow a third call of the FIF programme under the previously agreed allocation. The first two calls of the programme involved expenditure of £2,130,025 (funding of £1m per round was over-programmed in the expectation that applicants would not successfully complete all the approved programmes). No over-programming will be allowed in round three.
- 3.4 Approved ERDF funding will supplement the call. The rules of FIF will be changed slightly to ensure that the fund is compliant with ERDF regulations and the name of the scheme will be amended to High Growth Innovation Fund (HGIF) to reflect the amendments.
- 3.5 ERDF cannot be applied in Halton but by varying the rates of the FIF allocation, each Local Authority Area will have access to the same value of funding. The allocation has been recommended by Growth Directors across the City Region.

4. IMPACT AND IMPLICATIONS

4.1. Financial

The total Combined Authority commitment for the extension to the programme is £869,975 funded through the repurposed Brexit Resilience Fund.

The provision of the funding will also enable the drawdown of £1,446,934 of ERDF award that is already approved for use in the HGIF scheme. The ERDF award has been to the Combined Authority and Growth Platform will be responsible for operating the scheme under the terms of the ERDF application.

4.2. Supporting the Corporate Plan

Approval will support the Corporate Plan by strengthening the LCR's business support offering, specifically in regard to businesses with high growth potential.

4.3. Climate Change

Projects submitted for funding to the High Growth Innovation Fund must align with at least one strategic priority area for the LCR. Projects which align with the 'Zero Carbon Economy' area have the potential to have a positive impact in terms of Climate Change.

4.4. Equality and Diversity

An equality impact assessment was completed for the Future Innovation Fund. No negative equality and diversity impacts will arise as a result of the approval.

4.5. Social Value

All projects funded by the High Growth Innovation Fund must (as a condition of funding) undertake significant social value activities in the LCR.

4.6. Legal

If approved, the Combined Authority will enter into a Funding Agreement with the Growth Platform. As this funding will be used in conjunction with ERDF High Growth Programme funds, the Growth Platform will still be required to comply with EU State Aid rules in delivering the scheme, and appropriate obligations will be included in the Funding Agreement to reflect this.

4.7. Risks and Mitigation

The Growth Platform and the Combined Authority have operated 2 previous rounds of the scheme. The risk is that the changes to the scheme in round 3, required by ERDF regulations, restricts demand from compliant applications, but we have renamed the scheme to ensure potential applicants note the new rules of the scheme and we would expect to build on the significant levels of interest in rounds 1 and 2.

4.8. Communication and Consultation

The Growth Platform will be required to comply with the Combined Authority's branding guidelines and publicity requirements within the funding agreement.

5. CONCLUSION

- 5.1. This report presents the proposed approach for the final and third call under the FIF scheme and seeks approval for the Executive Director of Investment and Delivery to proceed as recommended.

**AILEEN JONES
EXECUTIVE DIRECTOR OF
INVESTMENT AND DELIVERY**

**PORTFOLIO HOLDER FOR INCLUSIVE
ECONOMY AND THIRD SECTOR**