

South Ayrshire Council

Report by Director of Strategic Change and Communities
to Service and Partnerships Performance Panel
of 9 January 2024

Subject: Update on ERDF Business Support

1. Purpose

1.1 The purpose of this report is to provide members with an update to the European Regional Development Fund (ERDF) Ayrshire Business Gateway Competitiveness Programme, as approved at Cabinet on 15 February 2023.

2. Recommendation

2.1 It is recommended that the Panel notes successful completion of the ERDF business support programme

3. Background

3.1 On 15 February 2023, Cabinet approved changes to the ERDF Ambition business support programme delivered by the Economy and Regeneration Service. The changes aimed to maximise ERDF draw down of available funding and enhance support to South Ayrshire Businesses.

3.2 ERDF funds 40% of total Project costs with 60% match funding being funded by the three Ayrshire councils. Each council has a separate budget allocation and is responsible for service delivery within their respective regions. The South Ayrshire budget allocation is as follows, match funding is sourced from the direct award from Scottish Government to the Council's core budget to operate Business Gateway:

Period	Total Budget	SAC	ERDF	Match
2016-23	£1,730,534		£692,210	£1,038,314

3.3 The original budget projections did not foresee the shock to Small to Medium sized Enterprise business trading arising from the Covid19 pandemic, nor the injection of funds to businesses through UK and Scottish Governments Covid grant schemes. Support to companies through the Business Growth programme therefore focussed instead on business counselling and advice, rather than the provision of growth grant funding. As businesses focussed more on survival than growth, grant drawdown from the project was lower than forecast.

3.4 Recognising the impact that the Covid 19 pandemic was having on delivery of the programme, Scottish Government sought a shift in emphasis from growth to

sustainability, re-start and recovery. As a result of the widening scope of the programme, the costs of all Business Support staff directly engaged in this activity are now deemed eligible expenditure for grant claim purposes.

- 3.5 In May of this year, Scottish Government provided the opportunity to extend the project end date to 30 September 2023 and re-profile the budget. This has allowed SAC to reconsider its forward ERDF profiling, providing an opportunity to maximise drawdown and avoid underspend.
- 3.6 To protect the position of the Council, a budget reprofile was submitted to Scottish Government. This reprofile budgets for an extension of the programme to September 2023 and reduces the budget allocated to grants and expert advice, increases the staffing budget and re-allocates the marketing budget.
- 3.7 The marketing budget line was not required as this activity was delivered on a pan-Ayrshire basis by East Ayrshire Council and was absorbed into core Business Gateway operational costs. On 20 June 2023, Cabinet approved the extension and reprofiling of the ERDF budget to maximise the benefit for South Ayrshire businesses and make best use of the available grant funding.

4. Proposals

- 4.1 The programme is now complete and final reporting actions are underway. The business support team have worked closely with our business base and, between the Cabinet Decision of 20 June 2023 and 30 September 2023, £350,668 of grant support has been invested into 21 South Ayrshire businesses.
- 4.2 During the programme a total of 194 individual businesses have been supported either with grant or consultancy support and approximately 20% in many cases with both.
- 4.3 The programme is now closed. The final claim and reports have been prepared and submitted to the Managing Authority of the ERDF programme. The final claim submitted totals £1,280,633 bringing total costs submitted of £1,663,545. ERDF grant will be drawn down following audit and final verification by Scottish Government. The total anticipated ERDF grant receipt is £665,418. The final claim submitted will be submitted to Scottish Government by the end of December.

		Grants	Consultancy	Staffing	Total
Projected SAC spend		£703,453	£146,609	£880,462	£1,730,524
1 st Claim (submitted and paid)		£95,463	£5,250	£0	£100,713
2 nd Claim (submitted and paid)		£202,683	£79,516	£0	£282,199
Final Claim (submitted for auditing inc new and reclaims)		£375,668	£24,503	£880,462	£1,280,633
Total Claim		£673,814	£109,269	£880,462	£1,663,545
ERDF receipts @40%		£269,525	£43,707	£352,186	£665,418

4.4 At its session on 28 November, Cabinet heard that the UK Shared Prosperity Fund (SPF) is the replacement fund for ERDF. The SPF investment plan was approved by Cabinet on 20 June 2023 and subsequently by Government on 20 September 2023. The SPF investment plan provides a total budget for supporting our businesses of £360,000 for 2023/24 and £630,000 for 2024/25, comprising grants to businesses and Council staff costs. SPF will fund the AMBITION Programme going forward. This programme has been revised and updated, to include three new products: • Green AMBITION; • Digital AMBITION; • Productivity AMBITION.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Submission of final claims has been made and is being processed by the Managing Authority. Once remittances have been made, the programme will be closed by the finance team.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

8.1.1 There are no risks associated with adopting the recommendations.

8.2 Risk Implications of Rejecting the Recommendations

8.2.1 There are no risks associated with the rejection of the recommendations.

9. Equalities

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Priority 2 of the Council Plan: Live, Work, Learn (Outcome Work and Economy: Everyone benefits from a local economy that provides opportunities for people and helps our businesses to flourish).

13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report
- 13.2 Consultation has taken place with Councillor Bob Pollock, Portfolio Holder for Economic Development and the contents of this report reflect any feedback provided.

Background Papers **Report to Cabinet of 15 February 2023 - [Business Support – Changes to Ambition Programme](#).**

Report to Cabinet of 20 June 2023 – [European Regional Development Fund \(ERDF\) Reprofiling](#)

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