



The Regional Growth Fund

FSB one page briefing – Background and key points

The Regional Growth Fund (RGF) is a fund set up by the Government with the intention of stimulating enterprise by providing support for projects and programmes with the potential to create long term private sector led economic growth and employment. The ability for any bids to leverage in private sector funding and demonstrate capacity to generate a significant jobs boost is therefore paramount.

The short timescales of the first round meant that the initial tranche of funding was predominantly allocated to bids for proposals already under development by large private sectors companies.

LEPs are able to bid into the RGF, but the fund will not be reserved exclusively for LEPs and they will not be given special preference. It is anticipated that there will be more LEP bids in the second round.

The bids go to a twelve-person panel headed by Lord Heseltine and Sir Ian Wrigglesworth who will advise Ministers. Final decisions on the fund are then be made by a panel of Ministers, chaired by Nick Clegg, with Eric Pickles deputising.

The minimum threshold amount for bids is £1m. This is a fund which is based on the Government's 'rebalancing' exercise and is not really open to individual small businesses to apply for (in the same way that the Enterprise Finance Guarantee is exclusively for individual small businesses). However bidding for a package of schemes is allowed. Bidding for programmes rather than projects will also now be allowed in the second round. This is therefore the opportunity for bids from LEPs and other partnerships for a package of funding to help generate small business growth in their area.

It is important that innovative schemes that target small businesses, including those in rural areas, are brought forward in this next round. LEPs should play a key role.

Those project packages and programmes which promote small business growth should be given particular consideration by the panel in the second round.

The emphasis of the RGF is growth and therefore the substantial opportunity for small businesses to grow must be reflected through the allocation of the fund.

Key Facts

- The fund is £1.4bn over three years (April 2011 to April 2014)
- Split (flexibly) between £580m capital and £840m resource
- No ring-fencing for specific types of projects.
- Targeted at places currently reliant on the public sector.
- The minimum threshold for bids is £1m
- Over 464 bids, worth £2.78bn, were received in the first round
- From that there were 50 successful bids worth £450m.
- The second round of bidding opened on 12 April 2011.
- The second round will include projects and packages of projects as well as programme funding

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