

Agenda Item No. 4

DERBYSHIRE COUNTY COUNCIL

**MEETING OF THE CABINET MEMBER – ECONOMIC DEVELOPMENT
AND REGENERATION**

18 December 2017

Report of the Strategic Director – Economy, Transport and Environment

**EXTERNAL FUNDING SECURED TO DELIVER ECONOMIC GROWTH
WITHIN DERBYSHIRE**

(1) **Purpose of Report** To provide a summary of the external funding programmes and developer contributions of approximately £80m secured by the Economy and Regeneration Service since April 2016 to deliver economic growth priorities and to note the private sector investment (especially in regards to Markham Vale) and partner contributions levered as a result of this activity.

(2) **Information and Analysis** External funding plays an essential role in helping support delivery of the Council's economic growth priorities. With continuing pressure on core funding, external funding helps bridge the funding gap and secures priority projects to meet the Council's overall vision and ambitions.

The scale and scope of funding secured has delivered a wide range of initiatives which have improved the quality of life and prosperity of residents, businesses and visitors throughout the County. The approach has been to maximise external funding opportunities to meet strategic priorities outlined within the Derbyshire Economic Strategy Statement (DESS) and support wider partnership priorities for economic growth.

The main sources of funding are often competitive/commissioned, most notably European Structural and Investment Funds (ESIF) or national funding streams (Local Growth Fund and devolved transport funding) or secured through developer contributions by our statutory planning and highways functions.

The bidding process for external funding is more competitive, complex and wide-ranging than was before, and therefore great emphasis is placed on collaboration with partners to avoid duplication and maximise applications.

It is also crucial that applications are not made to 'chase' funding, but that they meet and are linked to the Council's priorities for service delivery. External funding grants usually consist of a percentage of the costs of a particular project as funding bodies are rarely prepared to cover the full costs. Therefore, partnership or 'match funding' has to be obtained from other sources including the Council.

European Structural and Investment Funds

The ESIF programme supports businesses, communities and individuals across Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) through the D2N2 ESIF Strategy 2014-2020. The Strategy sets out the ambitions for the €255.7m of funding available through a number of different but complementary programmes. The programmes are European Regional Development Fund (ERDF), European Social Fund (ESF) and the European Agricultural Fund for Rural Development (EAFRD). The Council, whilst bidding for and securing funds for the businesses and people of Derbyshire, is also limiting its own costs and liabilities through partnership working.

To date, in respect of ERDF, £27m of support has been secured for projects that benefit Derbyshire, its people, businesses and economy. This support consists of £14.6m ERDF, over £14m of contributions from partners/ businesses and £1.76m of Council funds.

There are currently ten live projects being delivered (including two Technical Assistance programmes to support the development of ESIF bids), D2 (Derby and Derbyshire) Energy Efficiency programme; D2N2 Growth Hub – Enhanced Local Services; Growing and Developing the Visitor Economy of Derbyshire (including market towns), Invest in D2N2 (via Derbyshire Economic Partnership) and the D2 Enterprise Growth Fund. Details of the ICT competitiveness project are set out in the next section.

The ESF operates differently to ERDF. For projects called "opt-in," the Department for Work and Pensions, the Skills Funding Agency and the Big Lottery are already providing at source match funding at the national level.

There are five projects which provide benefits to a value of £14.750m across D2N2 plus a further £3.782m for D2 area. The projects are Inspire Local, Employ Local, Careers Local, Youth Engagement Initiative (YEI) and Skills Local. There are also a number of "open call" projects which have yet to be selected. The above live projects will not be affected by Brexit and there are still opportunities to bid for additional funds over the next two years.

Following on from the £1.791m Peak District LEADER (Liaison among Actors in Rural Economic Development) programme secured in 2015, the Council

has also been successful in securing £29,100 of EAFRD to support the development of tourism in the north east Derbyshire area through the “Visit, Sleep, Cycle, Repeat” project. The resulting tourism strategy will add value to Council investment in the trails network, boost our image as a cycle friendly destination and enhance proposed major investments such as Peak Resort.

Digital Derbyshire

The Council is currently delivering Contract 2 (contracted in April 2015) of the superfast broadband programme in partnership with BT and Government. The Council has also secured an additional £8.4m from the ERDF, D2N2 Local Enterprise Partnership and BT/BDUK to take the total programme value past £34m. Additional funding has been secured from an early gain share mechanism as the Council achieved contractual take up and will (together with underspend) be re-invested as part of Phase 3 of the roll out programme.

In order to maximise take up from the infrastructure investment and ensure broadband connectivity is maximised to promote business competitiveness, the Council is a partner in the £7.2m D2N2 Digital Business Support Programme funded through ERDF and delivered in partnership with the other three top tier local authorities and East Midlands Chamber. As most of the match funding is from businesses, the Council has only needed to commit £41,000 to secure such a large investment.

Markham Vale Employment Growth Zone

Markham Vale Employment Growth Zone (MEGZ) continues to progress at a considerable pace towards its target of 3m sq ft of new floorspace and £250m private sector investment. In 2016-17, the delivery of major inward investment has resulted in approximately £120m of private sector investment and 1,076 employment opportunities for local residents. The Council has also delivered the £7.53m development of Seymour Link Road. Further £14,000 funding has also been secured for the “Walking Together” mining memorial arts project and £37,500 from the Veolia Environmental Trust for the Staveley Basin Lock Gates.

Planning and Highways

The Planning Service currently monitors around 170 Section 106 agreements that have been generated through the granting of planning permission. Section 106 monies relate primarily to education, libraries and waste. Since April 2016, the contributions due to the County Council through such agreements amounts to a total of £5.7m to date.

Highways Development Control Service secures funding through Section 38 Agreements for the adoption of new street infrastructure. In the 2016-17 financial year, the Council took £1.24m in inspection/assessment fees which equates to about £14.6m worth of infrastructure. For 2017-18, over £0.84m

has been secured already in Section 38 agreements which equates to about £7.1m worth of infrastructure.

The Service also secured funding through Section 278 Agreements for adoption of development related highway improvements. In the 2016-17 financial year, the Council took £0.59m in inspection/assessment fees, which equates to about £6.9m worth of infrastructure. For 2017-18, over £0.22m has been secured in Section 278 agreements which equates to about £1.8m worth of infrastructure.

Commuted sums to offset future maintenance of new highway infrastructure not funded by national formulae are not currently measured but are estimated at approximately £0.5m per annum.

Additional financial contributions towards new highway and transport infrastructure secured through the Section 106 process are estimated at approximately £4m per annum.

Planning conditions securing new highway and transport related infrastructure are not currently measured but average approximately £12m per annum.

Local Growth Fund

The County Council has acted as promoter for a number of D2N2 Local Growth Fund projects, as well as securing a 50% contribution from Sheffield City Region to the Seymour Link at Markham Vale (as above). Those with confirmed funding are:

- Ilkeston Gateway (£1.35m)
- Coalite site remediation (£5.5m)
- Sustainable transport programme (£2.1m)
- Buxton Crescent and Thermal Spa (£2m)
- A61 Growth Corridor Phase 1 (£0.5m)
- A61 Growth Corridor and Whittington Moor roundabout (£15.5m)
- Ashbourne Airfield Business Park (£1m)
- Woodville-Swadlincote Regeneration Route (£6.4m)

Each of these are being delivered or subject to further appraisal and assurance procedures. All project are scheduled to be delivered by 2020-21.

The Council also has supporting and/or regulatory roles in a number of Local Growth Fund projects for which it is not a promoter. These include Chesterfield's Northern Gateway and Waterside projects and Peak Resort.

A number of other potential sources of funding are also explored to help deliver Council priorities. These include the National Productivity Investment Fund, Housing Infrastructure Fund, and Growth and Housing Fund. Officers

continue to work closely with partners across the County to develop a pipeline of proposals to take advantage of these. Consultation is also anticipated shortly on a proposed National Roads Fund to operate from 2021-22 onwards and for which a number of Derbyshire's Principal Roads may be eligible.

(3) **Social Value Considerations** The work of the Economy and Regeneration Service and its individual partners contribute to economic growth and social cohesion through delivery of regeneration programmes.

Other Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, social value and transport considerations.

(4) **Key Decision** No.

(5) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(6) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details – Frank Horsley, extension 38348.

(7) **OFFICER'S RECOMMENDATIONS** That the Cabinet Member:

- 7.1 Notes the external funding and developer contributions of approximately £80m secured through the work of the Economy and Regeneration Service since April 2016.
- 7.2 Notes the added value that this activity stimulates in relation to leveraging private sector investment and partner contributions.
- 7.3 Confirms the significant contribution to Council priorities.

Mike Ashworth
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