

DERBYSHIRE COUNTY COUNCIL

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

9 May 2019

Report of the Strategic Director – Economy, Transport and Environment

**INVEST IN D2N2 PROJECT EXTENSION – MATCH FUNDING AND
DELIVERY ARRANGEMENTS**

(1) **Purpose of Report** To seek approval to endorse the “Invest in D2N2” project extension for additional European Regional Development Fund (ERDF) support and a match funding contribution of £177,928.

(2) **Information and Analysis**

Background

At the Cabinet meeting on 31 January 2017, approval was given to endorse the ERDF grant of £1.041m for the “Invest in D2N2” project and commit £90,000 match funding and the alignment of 0.3 full time equivalent (FTE) Senior Economic Development Officer towards delivering an enhanced “Invest in Derbyshire” inward investment service on behalf of Derbyshire Economic Partnership (DEP) (Minute No. 31/17 refers).

Following approval, the Council (on behalf of DEP) entered into a partnership agreement with Nottingham City Council, as accountable body for the project, and other delivery partners including Marketing Derby, Destination Chesterfield, Marketing NG.

The aim of the project has been to deliver a series of activities to support businesses looking to relocate or start up in the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) region. Specifically for Derbyshire, the project provided an opportunity to develop a more dynamic and pro-active investment promotion and inward investment service for Derbyshire.

Previously, the DEP service had focused on a reactive strategy working closely with districts to attract investors with very little promotional activity. In addition, closer collaboration with Marketing Derby and Destination Chesterfield allowed partners to establish a more co-ordinated approach to activity across Derby and Derbyshire as a whole.

To deliver the added value benefits through the project, it was agreed to enter into a partnership grant agreement with Marketing Derby to deliver the project

on behalf of the County Council and DEP. As a result, a specific work package was developed for delivering “Invest in Derbyshire” and a strategy document “Delivering Inward Investment in Derbyshire 2017-19” endorsed by DEP Board. Since endorsement, the project has reported to DEP Board as a standing item and an Inward Investment Steering Group established (reporting to DEP), chaired by the Cabinet Member for Economic Development and Regeneration, which oversees delivery of the project against the agreed strategy.

The grant agreement has been operational on a 12 month rolling period to allow an annual review of performance against the strategy. The final review for the current project was undertaken and endorsed at the Cabinet Member meeting on 13 December 2018 (Minute No. 20/18 refers) and a further extension granted via side letter until the end of the project scheduled for 31 October 2019.

Project Progress

The project has delivered key actions set out in the strategy effectively, raising the profile of Derbyshire as an investment destination and establishing the “Invest in Derbyshire” as a pro-active, tailored service for all enquiries regardless of size and sector.

Branding has been developed and a new website will be formally launched on 3 May 2019. To complement branding and digital development, the photography project has provided a library of images for future use whilst an editable “Invest in Derbyshire” film containing key messages is being finalised for release at the website launch event.

Marketing collateral has been developed at both a county and district level including development maps available in print and digital format, and the D2 (Derby and Derbyshire) pitchbook which has been the focal point for a number of events.

“Invest in Derbyshire” has been showcased at key local, national and international events in collaboration with D2 partners and as part of the D2N2 and the Midlands UK offer. Events include Sitematch East Midlands (September 2017); Marketing Derby London Embassy (July and October 2018); Chesterfield Investment Summit (November 2017 and September 2018); Hillhead Expo (September 2018) and MIPIM 2018 and 2019.

To date, 48 direct investment enquiries have been serviced with 3 converted to date and a further 29 remaining live.

Invest 2 - Proposed Project Extension

At the Cabinet Member meeting on 13 December 2018, it was reported that partners are developing a proposal to extend the project until December 2022. An expression of interest was submitted to the Ministry of Housing,

Communities and Local Government (MHCLG) on 24 November 2018 as part of an open call for projects under ERDF Priority Axis 3 (small and medium-sized enterprise (SME) Competitiveness). Partners are now preparing a full application for submission by 10 May. MHCLG has indicated that the application will not be subject to full appraisal but treated as a project extension with any approval agreed through a Project Change Request. This should shorten the approval process and allow a seamless continuation of the project beyond the current end date of 31 October 2019.

The extended project will continue to deliver a wide range of specialist inward investment support to SMEs looking to launch or grow their businesses in D2N2, leading to increased productivity and inclusion, the creation of new or expanded enterprises and jobs, and new products and services.

The focus will be on supporting businesses to grow and invest in the region as currently delivered through the “Invest in D2N2” project but will build upon lessons learnt by providing more comprehensive support for the customer journey, and include the added value activities of foreign direct investment (FDI), and fostering entrepreneurship. These enhancements will attract more successful businesses to the D2N2 region supporting innovation and best practice, as well as deliver jobs in disadvantaged communities.

Specific activities will include:

- Providing advice and support to entrepreneurs and businesses looking to grow and invest in the region via specialist advisors.
- Developing tailored propositions for businesses to support their investment.
- Undertaking marketing campaigns and co-ordinated events, to help promote the region to prospective businesses/investors.

The total funding for the project extension will be £3,751,720 for which 50% ERDF is being sought. The funding package for the delivery of the DEP element of the project is £355,855 which will be 50% funded via ERDF. The match funding required from the Council on behalf of DEP is £177,928 in total for a three year period.

Similar to the current project, the proposal is to further develop and expand the “Invest in Derbyshire” service as part of a collaborative D2 whole approach, working alongside Marketing Derby and Destination Chesterfield and building upon the excellent progress made to date in raising the profile of Derby and Derbyshire as the “Capital of Innovation”.

ERDF outputs proposed for delivery for the D2 element include 80 enterprises receiving information, diagnostic and brokerage support (P13); 55 enterprises receiving non-financial support (C4); 11 new enterprises supported (C5) and 90 new employment opportunities created (C8).

However, the ERDF outputs only reflect a mandatory measure of the project and the proposal is to develop a new strategy document outlining detailed delivery of the project from 2019-22 and contract with Marketing Derby (on a 12 month rolling basis) to deliver the project on behalf of the Council and DEP.

The project as a whole and the “Invest in Derbyshire” element specifically continues to deliver the Derbyshire Economic Strategy Statement (DESS) and complements both the Midlands Engine Strategy and D2N2 Strategic Economic Plan. In addition, inward investment forms an integral part of the Council’s commitment to delivering new and enhanced enterprise and investment services as set out in the Cabinet report approved on 11 January 2018 (Minute No. 08/18 refers) which committed additional budget to delivering support to economic growth.

(3) **Financial Considerations** The total project cost (including 50% contribution from ERDF) is £355,855. The enhanced project requires match funding from the Council of £177,928 for a three year period but includes the alignment of 0.3 FTE of an existing Senior Economic Development Officer (Grade 11) at a cost of £21,719. It is proposed that match element of the 0.3 FTE Grade 11 is funded through the DEP budget (currently funded as a core cost) with remaining match funding of £156,209 allocated from the Enterprise and Investment budget.

(4) **Legal Considerations** The Council has an existing Grant Funding Agreement with Marketing Derby dated 11 May 2017 covering the three year period of the current project which is due to end on 31 October 2019. Subject to ERDF approval, it is proposed to issue a new Agreement with Marketing Derby to deliver the project extension from 1 November 2019, until the end date of 31 October 2022. The Director of Legal Services will review the new agreement which will be subject to the provision of a new delivery plan. The agreement will be reviewed on a 12 month basis, as is currently the practice.

(5) **Human Resources Considerations** As set out in the report, the match funding sought will include 0.3 FTE of the Senior Economic Development Officer (Inward Investment) who will project manage the contract with Marketing Derby on behalf of the Council.

(6) **Social Value Considerations** The aim of the project is to increase inward investment activity in Derbyshire, thereby creating new employment opportunities for local people and improve productivity and growth for local businesses and supply chains.

Other Considerations

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

(7) **Key Decision** No.

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

(9) **Background Papers** Held by the Economy and Regeneration Service within the Economy, Transport and Environment Department. Officer contact details – Frank Horsley, extension 38348.

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

- 10.1 Approves £177,928 match funding to support the delivery of the “Invest in Derbyshire” service through the project extension to the “Invest in D2N2” European Regional Development Fund project.
- 10.2 Notes and authorises the preparation of a new agreement with Marketing Derby to manage and deliver the extended project subject to the provision of a new delivery plan for the contract period.

Mike Ashworth
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