

DERBYSHIRE COUNTY COUNCIL

**MEETING OF CABINET MEMBER - STRATEGIC POLICY, ECONOMIC
DEVELOPMENT AND BUDGET**

3 November 2015

Report of the Strategic Director - Economy, Transport and Environment

**D2 (DERBY AND DERBYSHIRE) INWARD INVESTMENT PROJECT –
MATCH FUNDING**

(1) **Purpose of Report** To seek the Cabinet Member's approval for £90,000 match funding over three years towards the proposed "D2 Inward Investment" project. The funding contribution is subject to a full application for support via the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) European Structural and Investment Fund (ESIF).

(2) **Information and Analysis** The ESIF 2014-20 is a national programme managed by Government and delivered locally through Local Enterprise Partnerships (LEPs). ESIF brings together a number of European Union (EU) funding streams, most notably European Regional Development Fund (ERDF), European Social Fund (ESF) and European Agricultural Fund for Rural Development (EAFRD). The total D2N2 LEP allocation from Government is approximately £214m across the lifetime of the six year programme but is subject to exchange rates and ability to deliver against the national programme.

In March 2015, D2N2 launched the first 'call for projects' through the ESIF Programme 2014-20. The call requested expressions of interest (EoI) across three ERDF priority areas for submission to the Department for Communities and Local Government (DCLG) by the end of May 2015. The D2N2 calls were as follows:

- Priority Axis 1: Promoting Research & Innovation.
- Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises (SMEs).
- Priority Axis 4: Supporting the shift towards a Low Carbon Economy.

Derbyshire County Council has responded to the call, working collaboratively within the Derby and Derbyshire area (D2) to prepare a number of comprehensive partner projects of appropriate size and impact to deliver economic growth, aligned to the Derbyshire Economic Strategy Statement and combined authority ambitions.

ESIF provides the Council and its partners the opportunity to maximise investment by supporting business growth, job creation, skills development and productivity gains, ensuring residents are able to realise their potential. Engagement in the ESIF programme also demonstrates the Council's ability to Government to provide effective, joined up delivery of local economic development, which further strengthens Derbyshire's position in respect of securing substantial devolution of powers and resources in future years.

Following submission of an initial expression of interest in summer 2015, the Council has been invited to submit a full application for the D2N2 Growth Hub for consideration by the DCLG by 5 November 2015. As part of this process, applicants must confirm the total funding package is in place, including match funding contributions from delivery partners.

The Project

The "D2 Inward Investment" project has been invited to submit a full application for support via Priority Axis 3 of the D2N2 ESIF programme. The applicant and lead partner is Marketing Derby, working alongside delivery partners Derbyshire Economic Partnership (DEP) and Destination Chesterfield. The project will deliver co-ordinated inward investment activity across the D2 area and will require close working with all district and borough councils in Derbyshire.

Subject to approval, the project will be implemented over a three year period (2016-18) and will attract a total investment package of £1.33m (including £651,555 ERDF). In addition to Derbyshire County Council's proposed investment via DEP, £405,000 and £91,500 match funding has been confirmed from Marketing Derby and Destination Chesterfield respectively.

The aim of the project is to attract businesses and additional employment opportunities into Derby and Derbyshire. The project will build upon the success of existing inward investment activity across the County provided through the DEP "Invest in Derbyshire" service.

Current economic policy suggests that additional private sector employment can be supported through public funding via three interventions:

- The creation of new start-ups;
- Growing of indigenous existing businesses, and
- Attracting businesses to relocate within a target area.

This particular project focuses on the third of these strands (other ESIF projects support the first and second and are subject to separate Cabinet Member reports).

The objective of the project is to provide advice, support and marketing to businesses looking to relocate or expand and ensure the D2 area is profiled as a competitive and attractive place in which to invest, encouraging

developers to consider it as a 'destination of choice'. The project will provide more effective and joined up support by building upon the success of the three existing inward investment vehicles; work will focus on attracting and growing high productivity sectors, critical supply chain operators (to support existing businesses, including Original Equipment Manufacturers).

As well as drawing together more effectively existing expertise, resources and partnership networks, the project will maintain a local focus by intensifying the level of bespoke support provided to SMEs across D2, most of which operate in Derbyshire's district and borough areas.

The overall aim of the project is to support growth in existing business capacity and attract new firms; indicative outputs for the project are directly supporting/ attracting 20 new businesses and creating in excess of 150 jobs.

To enable a more intensive, targeted business support offer, it is proposed Derbyshire County Council's match funding will support an additional 0.5 full time equivalent (FTE) in addition to the existing 0.5 FTE Senior Economic Development Officer deployed to manage the DEP "Invest in Derbyshire" service. This resource will work closely with additional staffing in Marketing Derby and Destination Chesterfield to provide a more responsive, local service working alongside contacts in borough and district local authorities, and enhanced marketing activity through events, publications and digital media.

The project will carry out a series of activities to attract businesses to the area and provide bespoke business support to assist new businesses locating or looking to locate in Derbyshire. The support provided will align with the work of the D2N2 Growth Hub (subject to a separate Cabinet Member report) and with other business support programmes to ensure that companies have access to incentives and seamless professional support to help them to grow and develop within Derbyshire.

The project will primarily focus upon the D2 key growth sectors, notably Transport Equipment Manufacturing; Logistics; Food and Drink and Construction. However, it will also support inward investment activity relating to the visitor economy and other sectors where appropriate.

The strategic importance of inward investment activity in supporting economic growth is clearly recognised in the Derbyshire Economic Strategy Statement (DESS), most notably through the strategic theme "Boosting investment and place making". Similarly, the project will support the delivery of key work streams identified in the combined authority proposals, most notably within the 'enterprise and business growth' theme.

(3) Financial Considerations The indicative profile of the proposed match funding contribution is £30,000 per annum across each of the three

financial years of the project to support a range of project activity. If agreed, the financial contribution allocated from the balance held in the Derbyshire Economic Partnership budget, will be transferred to an earmarked reserve.

(4) **Human Resources Contributions** It is also proposed to align 0.5 FTE of the existing DEP Inward Investment Office (Senior Economic Development Officer, Grade 11) to support the project over the three year project.

Other Considerations

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

(5) **Key Decision** No.

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

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

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

- 8.1 A total funding contribution of £90,000 over three years be taken from the balance on the Derbyshire Economic Partnership (DEP) budget and transferred to an earmarked reserve.
- 8.2 The deployment of 50% salary costs for one Senior Economic Development Officer (DEP) as match funding during the lifetime of the project.

Mike Ashworth
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