

Agenda Item No.3 (b)

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

D2N2 GROWTH HUB – MATCH FUNDING

(1) **Purpose of Report** To seek the Cabinet Member's approval for £36,000 match funding over three years towards the proposed "D2N2 Growth Hub" 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 "D2N2 Growth Hub" project has been invited to submit a full application as part of the Priority Axis 3 of the D2N2 ESIF programme. The applicant and lead partner is Nottingham City Council, working alongside East Midlands Chamber, D2N2 LEP, Chesterfield Borough Council, Derbyshire Dales District Council, High Peak Borough Council, Ashfield District Council, Mansfield District Council, Nottinghamshire County Council and Derbyshire County Council.

Subject to approval, the project will operate over three years (2016-18) with a total investment package of £4,309,942 (including £2,154,971 ERDF) and will deliver 1,160 'business assist' outputs and 294 new jobs.

This project builds on the early development of the D2N2 Growth Hub which fulfils two clear roles:

1. Front line Growth Hub "focal point/referral" service which:
 - Offers a "one-stop shop" for businesses to access support through a comprehensive website and help line.
 - Promotes the benefits of using business services through outreach/engagement activities.
 - Works with the public and private sectors to find ways of appropriately filling gaps in business development support.
2. Enhanced local services:
 - Additional local initiatives addressing gaps in business support provision provided or commissioned by local partners. This allows partners to respond to specific local needs (e.g. low productivity, rurality). It also allows greater proactivity in business engagement in the areas where these enhancements are implemented.

The work of the Growth Hub has been increasing since its inception in December 2014 and with ESIF funding, is capable of further development to provide targeted support to local businesses. Priority target beneficiaries are high growth/ potential high growth businesses in the eight priority growth sectors (e.g. manufacturing and engineering, food and drink, logistics, creative industries etc). However, additional services will be available to all businesses and individuals looking to start a business to help address the low level of business start up in the D2N2 area. Through both proactive and reactive engagement, the Growth Hub will pursue its two key purposes:

- Increasing the uptake of business services.
- Using intelligence gained from increased interaction with businesses to identify future needs.

The D2N2 Growth Hub website contains information and signposting to all available support, plus guidance on “business basics” such as regulatory compliance. All Growth Hub partners, including Derbyshire County Council, will offer initial advice and signposting in response to any enquiry, and this will be supported by the Help Line. All activity is tracked/analysed using a customer relationship management (CRM) system provided through the Growth Hub and on-going analysis of this data will facilitate continuous improvement of the service and will provide useful intelligence to support further economic growth.

The D2N2 Growth Hub directly and significantly supports the Council Plan objective in relation to “A Derbyshire that works: A strong economy” and all three strategic themes of the Derbyshire Economic Strategy Statement (DESS) most notably:

- Attract new businesses to diversify and grow Derbyshire’s economy.
- Deliver high quality business support to support business growth and resilience.
- Raise workforce skills.

The pivotal position of the Growth Hub is articulated in the D2N2 LEP’s Strategic Economic Plan: *“The Growth Hub will provide a single point of contact for businesses, providing expert and tailored advice ranging from enterprise and start-up support, to business improvement, growth and international trade activity. It ensures that support provided locally by national providers is informed by local information and intelligence and existing exemplar support programmes as well as being tailored to the specific needs of D2N2 businesses”*.

(3) Financial Considerations The indicative profile of the proposed match funding contribution is £12,000 per annum across the three financial years of the project. This contribution will support the delivery of enhanced

local services across Derbyshire via Business Advisors employed through the D2N2 Growth Hub, managed through an appropriate Service Level Agreement. Any agreed financial contribution will be required from 2016-17 and is proposed to be allocated from the Economy and Regeneration budget.

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.

(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** All relevant documents are held by the Economy and Regeneration Service. Officer contact details – Frank Horsley, extension 38348.

(7) **OFFICER'S RECOMMENDATION** That the Cabinet Member approves a funding contribution of £12,000 per year for three years from 2016-17 from the Economy and Regeneration budget towards the proposed "D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Growth Hub" project.

Mike Ashworth
Strategic Director – Economy, Transport and Environment