

Agenda Item No. 3(a)

**DERBYSHIRE COUNTY COUNCIL**

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

**31 May 2016**

Report of the Strategic Director - Economy, Transport and Communities

**D2N2 DIGITAL BUSINESS GROWTH PROGRAMME – MATCH FUNDING**

(1) **Purpose of Report** To seek Cabinet Member approval for £40,916 match funding contribution towards the proposed D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Digital Business Growth Programme. The funding contribution is subject to a full application for support via the D2N2 European Structural and Investment Fund (ESIF).

(2) **Information and Analysis**

**Background**

The ESIF Programme 2014-20 is a national programme managed by central 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 D2N2 LEP allocation from Government is approximately £214m across the lifetime of the programme, but is subject to exchange rates and ability to deliver against the national programme.

In September 2015, D2N2 launched a call for projects under Priority Axis 2 (ICT) of the ESIF Programme 2014-20. The programme has been developed in partnership with the top tier local authorities in the D2N2 region and East Midlands Chamber (EMC), with Nottinghamshire County Council acting as lead applicant. Following the submission of an initial Expression of Interest, the project was invited to submit a full application for consideration by the Department for Communities and Local Government (DCLG) via D2N2 LEP by 31 March 2016. As part of this process, applicants must confirm that the total funding package is in place, including match funding contributions from delivery partners.

ESIF provides the Council and its partners the opportunity to maximise investment into local economic growth by supporting business growth, job creation and productivity gains. Such investment directly supports Council

priorities, provides funding to support the key themes and activity stated in the Derbyshire Economic Strategy Statement and demonstrates to Government the Council's ability to provide effective, joined up delivery of local economic development which further strengthens the Council's position in respect of securing substantial devolution of powers and resources in future years.

### **The Project**

The D2N2 Digital Business Growth Programme will be delivered across the whole of Derbyshire and Nottinghamshire, with specific focus on rural areas that will encourage and enable businesses to explore and introduce new and emerging ICT products to their business to improve business competitiveness, productivity and growth.

The project will therefore directly complement the delivery activities of both Digital Derbyshire and Better Broadband in Nottinghamshire Broadband Delivery UK (BDUK) schemes and help realise the ambitions set out in the respective Local Broadband Plans. Furthermore, project activity will directly drive further take-up of broadband services being delivered through the BDUK contracts and secure agreed gainshare rewards as set out in the contracts with BT.

The programme will be open to all eligible micro, small and medium-sized businesses (including social enterprise) based in the D2N2 area regardless of where the activities take place. However, targeted marketing campaigns will focus specifically on the priority sectors set out in the D2N2 ESIF Strategy and companies demonstrating high growth.

A number of districts within the north of the D2N2 area are also served by the Sheffield City Region (SCR) through the "overlap" arrangements. However, following discussions with the SCR LEP, its Priority Axis 2 (2b) call will focus on beneficiaries within the South Yorkshire areas of Barnsley, Doncaster, Rotherham and Sheffield only, thus avoiding any likely duplication.

With Nottinghamshire County Council as lead applicant and accountable body, the project will be delivered primarily through EMC with dedicated resources available for activity in both Derbyshire and Nottinghamshire. A dedicated D2 Project Co-ordinator will be funded to ensure the project is effectively delivered across the County and employed by the Council to work as part of the Digital Derbyshire team.

The programme will include the following key activities to allow structured progression dependent on demand:

- **Seminars, Hackathons and Demonstrators** – designed to stimulate business interest in existing, new and emerging technologies, these events will change business perceptions and behaviours about ICT's role

in business growth and explain how it can transform business operations. Themes include 'big data', digital marketing, ecommerce, innovation in computing, cloud computing, cybersecurity, supply chain developments and future demand trends linked to emerging technologies.

- **Action Planning Workshops** – businesses, which already have a strong knowledge of ICT applications or have attended an event activity under this programme and wish to implement a new technology within their business to drive growth, will be encouraged to attend the strategic action-planning workshops designed to help the business achieve their growth aspirations through the development of an ICT business development plan to implement a digital and technology strategy for their business.
- **Bespoke Digital Skills Advice and Support** – following attendance at workshops, businesses who wish to improve the digital capability of their workforce and require support can access the dedicated skills advice where a Skills Adviser will visit the business and complete a 'needs assessment' which will result in the development of a bespoke workforce development skills plan that will meet the growth needs of the business. Businesses will be signposted to the D2N2 Growth Hub for further skills and recruitment support funded through complementary programmes.
- **Digital Conference and Expo** – essential to showcase the programme's success is the delivery of a high profile Conference and Expo which will attract 300-500 visitors per event. Delegates will gain access to keynote presentations, Q&A panel sessions, breakout workshops and an ICT supplier's exhibition area. The expo will be fully interactive, allowing visitors the opportunity to try out technology and talk to experts to find out what ICT Strategy is right for their business. Two Conferences will be delivered over the lifetime of the programme's delivery.
- **Bespoke Digital High Growth Advice and Support** – businesses that wish to implement ICT and innovation to their business may access the dedicated, independent and in-depth diagnostic and adviser service via 1-2-1 support from dedicated Digital High Growth Advisors and a Business Advisors' panel, who will introduce and explain new ICT technologies or issues of business interest and how they impact on their businesses. This service will be linked directly to the grant programme and will support at least 350 businesses.
- **ICT Grants Scheme** – a £1.8m grant programme will provide financial assistance to help businesses invest in ICT to transform business processes. The Scheme, which will be administered through an 'open call' process, will be hosted online via the [www.ebusinessclub.biz](http://www.ebusinessclub.biz) and linked to the D2N2 Growth Hub. Businesses will be able to access up to 40% towards the total cost of their project. The minimum grant available will be

£2,000 for a project of value of £5,000 and the maximum amount will be £16,000 for a project of value of £40,000, although it will be flexibly designed and may be possible for businesses to apply for a higher amount of grant dependent upon their contribution to the overall Programme aims and outputs and at the discretion of the grant panel.

All services will be managed by EMC through the dedicated online web portal at [www.ebusinessclub.biz](http://www.ebusinessclub.biz) which will complement and integrate with the D2N2 Growth Hub. The site will include an interactive event management system listing all events and workshops, and showcasing other complementary event activities; an ICT Diagnostic tool which identifies the most appropriate workshops available linked to skills and usage with the business; an interactive Grant Application and Management system; a full analysis and reporting facility of all support received; and an interactive Digital Community with access to case studies and a range of e-learning materials.

Subject to approval, the project will operate over three years with proposed commencement in Autumn 2016 and concluding in March 2019 with a total cost of £7,237,974 (50% funded via ERDF). The project proposes to deliver a minimum of 850 enterprises supported, 32 new businesses supported, 165 enterprises introducing new products and 70 additional businesses taking up broadband services in excess of 30mbps.

### **Project Governance**

The project will be managed by Nottinghamshire County Council, as accountable body, with all procurement carried in accordance with the Council's Financial Regulations. The accountable body will employ a Programme Manager who will work with County based Programme Co-ordinators and EMC as delivery organisation to ensure effective delivery and management of the project. The project will be steered by a Programme Governance Group which will include senior representation from all funding partners. Upon approval of the project, all delivery partners will sign a collaboration agreement setting out all relevant partner management responsibilities.

**(3) Financial Considerations** The indicative profile (based on calendar years) of the proposed match funding contribution is £6,293 in 2016-17, £12,683 for both 2017-18 and 2018-19 and £9,257 in 2019-20. Any funding contribution will be required from 2016-17 and allocated from the Economic Regeneration budget.

The proposed ICT grants scheme will be nationally split equally between the four upper tier local authorities which equates to £450,000 per local authority area. Due to ESIF rules in relation to defrayal, it is proposed that each local authority partner cash flow their proportion of the grant scheme as individual grants are awarded. Based on the agreed claim procedures, local authority

partners will submit claims to the Accountable Body on a quarterly basis and re-considered accordingly.

(4) **Legal Considerations** The terms of the collaboration agreement will be approved by the Director of Legal Services.

In preparing this report the relevance of the following factors has been considered: 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 on file within the Economy, Transport and Communities Department. Officer contact details – Frank Horsley, extension 38348.

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

- 8.1 Approves a total funding contribution of £40,916 over the period 2016-17 to 2019-20 from the Economic Regeneration budget towards the delivery of the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Digital Business Growth Programme.
- 8.2 Agrees that a reserve is created to meet the value of match funding over the period 2016-17 to 2019-20 (£40,916) from the 2016-17 Economic Regeneration Revenue budget
- 8.3 Upon approval of the project, delegates authority to the Strategic Director – Economy, Transport and Communities to sign an agreed collaboration agreement prior to the delivery of the project.

**Mike Ashworth**  
**Strategic Director – Economy, Transport and Communities**