

Agenda Item No.7(e)

DERBYSHIRE COUNTY COUNCIL

CABINET

3 November 2015

Report of the Strategic Director - Economy, Transport and Environment

DERBYSHIRE CHALLENGE FUND BID FOR DEVELOPING A COUNTY-WIDE APPROACH TO EXTERNAL FUNDING (STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)

(1) **Purpose of Report** To seek approval for the bid to the Derbyshire Challenge Fund to support the development of a temporary external funding function to support County-wide economic development and regeneration.

(2) **Information and Analysis** Within the context of combined authorities and devolution, partnership working across the ten Derbyshire local authorities has strengthened and continued to develop a more joined up and comprehensive approach to regeneration. There is now a clear need to develop a more strategic and consistent approach to identifying and securing external funding to support economic development, regeneration and transport activity across Derbyshire, and more specifically, support Derbyshire County Council, in fulfilling its role in the management and delivery of strategic priority projects and programmes.

Many of these projects and programmes are capital-related; for example, major regeneration schemes, such as the Avenue in north east Derbyshire and Buxton Crescent in the High Peak, on strategic development sites where complex funding packages need to be collated to ensure the projects are delivered.

The external funding landscape itself is complex, with various criteria (e.g. State Aid) and requirements being attached to major funding streams and a plethora of funding opportunities being available such as (but not exclusively):

- D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) European Structural and Investment Funds (ESIF): made up of £104.4m European Regional Development Fund (ERDF), £104.4m European Social Fund (ESF) and £5.5m European Agriculture Fund Rural Development (EAFRD).
- D2N2 Local Growth Fund (LGF): total of £174m, plus £22m additional.
- Regional Growth Fund (RGF): total of £1.4bn available nationally.

- Heritage Lottery Funding: grants between £3,000 and £10m.

Other projects potentially requiring revenue-focused funding include social inclusion and health projects, community development activity and business support grant schemes (for example, replacement to Global Derbyshire), etc.

Currently, expertise of these funding streams and requirements within the Council is limited and activity is fragmented across different service areas resulting in funding bids being under-developed, often lacking in strategic connection (especially around demonstrating economic impact), potentially duplicating similar bids from different departments and ultimately, opportunities being missed to maximise all available funding sources.

Such expertise is also limited in other Derbyshire local authorities, making delivery of joint projects even more difficult.

The Proposal

A proposal to utilise the Derbyshire Challenge Fund was submitted to and subsequently endorsed by the Corporate Management Team in July 2015. The detail bid is attached in Appendix A.

The proposal is to create a new, small, function within the Economy, Transport and Environment Department to help sharpen and consolidate external funding activity within the Council. Temporary posts for two Senior Economic Development Officers are proposed to discharge the function until the end of March 2018. By this time, the arrangements around any proposed combined authority and devolution proposals will be in place, the external funding function will be reviewed accordingly. The temporary posts are proposed to be aligned to the Economy and Regeneration Service, who will be charged with:

- Developing, sharing and implementing best practice on securing external funding, primarily in relation to economic growth and social inclusion.
- Helping embed best practice to ensure knowledge transfer and capacity building in service areas.
- Mapping and sharing the external funding landscape to identify the potential for delivering corporate and service priorities.
- Mapping and pulling together match funding opportunities to complement and augment existing Council-funded activity.
- Advising and supporting officers across all Council services to develop robust bids, providing strategic peer challenge to bids and ensuring connections to wider programmes.
- Supporting a cross-departmental steering group in the identification and understanding of funding opportunities.

- Building and strengthening critical relationship management roles with major funding bodies to improve the Council's reputation and enhance chances of success.
- Liaising with any additional D2N2 Officer resource (including the Derbyshire Economic Partnership) which may develop to support delivery of strategic projects and programmes for the D2 Combined Authority.
- Providing input to project proposals in relation to ESIF 2014-20 and complementing Technical Assistance support, where necessary.

The posts will report to the Head of Economic Regeneration who will provide management oversight and direction to both the external funding function and the individual officers.

(3) **Financial Considerations** The two posts will be funded from the Derbyshire Challenge Fund and recruited on a fixed term basis until the end of March 2018. The budget for the proposal will be up to £236,165 including on-costs.

(4) **Human Resources Considerations** The Senior Economic Development Officer posts have been evaluated at Grade 11 and will be advertised and recruited to in accordance with the Council's Recruitment and Selection procedure. The posts will be fixed term until 31 March 2018. The posts will be equivalent to existing Senior Economic Development Officer posts.

The provision of the Council's Redundancy, Redeployment, Protection of Earnings and Buy Out of Hours Policy will be implemented at the end of the fixed term contract and every effort will be made to redeploy the postholders when the fixed term contract ends. However, if this is not possible, the postholders will be entitled to receive 12 weeks' notice of redundancy and will be entitled to a redundancy payment where they have two or more years' service.

Other Considerations

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, 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 Cabinet approves the application to the Derbyshire Challenge Fund attached at Appendix A to the report and subsequent recruitment of Senior Economic Development Officers, at Grade 11 until the end of March 2018.

Mike Ashworth
Strategic Director – Economy, Transport and Environment

DERBYSHIRE COUNTY COUNCIL

DERBYSHIRE CHALLENGE FUND BID PROPOSAL FORM

2015/16

Please complete the below information as fully as possible and return your completed form to Wayne Sutton, Finance Manager Tel: 01629 538 894
wayne.sutton@derbyshire.gov.uk

Project Title:	External Funding
Department	Economy, Transport & Environment (ETE)
Service Area	Economic Development
Lead Officer	Frank Horsley
Grant Requirement	Up to £236,165 (including on-costs and assuming salaries at top of scale)
Time Period	Each officer for 2.5 years (September 2015 – end March 2018)
Overview of Bid	
<p>Context</p> <p>As work on the D2 combined authority progresses, there is a clear need to develop a more strategic and consistent approach to identifying and securing external funding to support D2 - and more specifically, Derbyshire County Council - priority projects and programmes.</p> <p>Many of these projects and programmes are capital-related; for example, major regeneration schemes on strategic development sites where complex funding packages need to be collated to ensure the projects are delivered. The external funding landscape itself is complex, with various criteria (e.g. State Aid) and requirements being attached to major funding streams and a plethora of funding opportunities being available such as (but not exclusively):</p> <ul style="list-style-type: none"> • D2N2 ESIF: made up of £104.4m ERDF, £104.4m ESF and £5.5m EAFRD • D2N2 Local Growth Fund (LGF): total of £174m, plus £22m additional • Regional Growth Fund (RGF): total of £1.4bn available nationally • Heritage Lottery Funding: grants between £3k and £5m - £10m <p>Other projects potentially requiring revenue-focused funding include social inclusion and health projects, community development activity and business support grant schemes (for example, replacement to Global Derbyshire) etc.</p> <p>Currently, expertise of these funding streams and requirements within the Council is limited and activity is fragmented across different service areas resulting in funding bids being under-developed, often lacking in strategic</p>	

connection (especially around demonstrating economic impact), potentially duplicating similar bids from different departments and ultimately, opportunities being missed to maximise all available funding sources.

Proposal

The proposal is to help sharpen and consolidate external funding activity within the Council and create a new, small function within ETE. Temporary posts for two senior officers are proposed (from Sept 2015 to end of March 2018) to discharge the function, aligned to the Economic Development Service, who will be charged with:

- Developing, sharing and implementing best practice on securing external funding to support agreed Council (and ultimately D2) transformation projects and programmes – specifically delivery of the Big List and related schemes set out in the Council Plan and service plans
- Helping embed best practice to ensure knowledge transfer and capacity building in service areas over the medium term
- Mapping and sharing the external funding landscape to identify the potential for delivering corporate and service priorities
- Mapping and pulling together match funding opportunities to complement and augment existing Council-funded activity – e.g. around economic growth and social inclusion (thereby maximising available resources)
- Advising and supporting officers across all Council services to develop robust bids, providing strategic peer challenge to bids and ensuring connections to wider programmes – particularly in relation to economic impact (Big List, s106 etc)
- Supporting a cross-departmental steering group in the identification and understanding of funding opportunities – and alignment to agreed priorities
- Building and strengthening critical relationship management roles with major funding bodies (LEP, Cabinet Office, BIS, HLF etc) to improve DCC reputation and enhance chances of success
- Liaising with any additional D2N2 officer resource (including the Derbyshire Economic Partnership) which may develop to support delivery of strategic projects and programmes for the D2CA
- Providing input to project proposals in relation to ESIF 2014-20 and complementing Technical Assistance support where necessary

The posts will be aligned to Head of Economic Regeneration who will provide management oversight and direction to both the external funding function and the individual officers.

Benefits

It is anticipated that within 2.5 years, the work of the two new officers will help

develop approaches not only to securing significant sums of capital funding, but to ensuring revenue streams (e.g. to support project delivery) are maximised and embedded, thereby aiding longer term sustainability. Success will be measured against the amount of external funding secured and the extent to which corporate priority projects are brought forward i.e. progress against the Council's list of priorities and programmes around regeneration, physical development, skills capital, business growth and support, social inclusion etc.

NB: external funding will, for the most part, include provision for management and admin revenue related to a specific project costs which can be used to offset core salary budgets.

Is funding being sought from any other organisation or body for this piece of work?	No
If yes, please give details of this additional funding stream and where funds are pending or confirmed.	
<p>Although no funding is being sought from other sources, additionality from the appointment of the proposed new officers will be secured through:</p> <ul style="list-style-type: none"> • Alignment to an existing line manager within the Economic Regeneration Service (to utilise existing expertise and provide management oversight and direction) • Securing of many £millions to support projects and programmes – outweighing the revenue investment in salary costs • Ensuring links to wider physical, social and economic regeneration Council priorities and objectives are maximised • Building capacity in service areas through developing and embedding good practice • Developing approaches to increasing revenue funding to support delivery • Linking to Technical Assistance (TA) officers who will be based within the D2N2 LEP who will have responsibility for supporting ESIF 2014-20 project development and delivery 	

FINANCIAL BUSINESS CASE

For bids Please supply the below information?

Please detail the areas in which the Challenge Fund Grant will be spent.	
	Sept 2015/16 – March 2017/18 Total 2.5 years
Salary	Due to complexity and nature of work:

	<p>2x Gr 11 officers for 2.5 years Cost per annum for 1 officer: £39,983.72 (inc on-costs) Cost for 1 officer over 2.5 years: £99,957</p> <p>Total cost for 2 officers over 2.5 years: up to £199,915 (including on-costs and assuming salaries at top of scale – although depending on appointment this may be lower)</p> <p>Estimated Redundancy Costs: £5,000 NB. This is a contingency and may not be required.</p>
Running Costs	<p>Approximately £12,500 per annum: total £31,250</p> <p>Development budget – including payment for licences to funding databases, workshops, knowledge transfer, good practice guides etc)</p>
Total Revenue Expenditure	£236,165
Capital Expenditure	<p>N/App (On the basis that computers and other basic office equipment will be available)</p>
Additional Information	
<p>The estimates above are based on current salary plus on-costs (at the top of the scale).</p> <p>Also, development costs have been estimated to include annual licence fees for funding databases, product delivery such as good practice guides and knowledge transfer activity. These activities will be time limited to the discharge of the function and many costs will be one-off.</p>	

Will the Challenge Fund Grant be used for Capital purposes?

If Yes, what proportion of the Challenge Fund Grant will be used for capital purposes?

No – although will support securing of major capital funding to delivery corporate projects and programmes

Other Resource Implications

Please give details of the impact the Challenge Fund Grant will have on	
Property usage	Office accommodation will be required for the officers – it is proposed that the posts have remote worker status but some time will be required in the office to support face to face work with services and the cross-department working group.
IT usage	Appropriate IT will be required (including remote working) Also licences for funding databases.
Other departments	The core purpose of the function, and the temporary officers, will be to support the work of other service areas to deliver the priorities of the Corporate Plan and service plan objectives – either individually or through support to the External Funding Steering Group.

ORGANISATIONAL BENEFITS

How does your Challenge Fund bid contribute to the following?	
Departmental Service Plans	
Council Plan Pledges	<p>Due to the all-encompassing nature of the proposal to create an external funding function, there is a significant connection to Council Plan pledges:</p> <p>A Derbyshire that works</p> <ul style="list-style-type: none"> • Strong economy • Well connected communities • Skilled and confident workforce <p>A healthier Derbyshire</p> <ul style="list-style-type: none"> • Reduce health inequalities <p>Safer Derbyshire</p> <ul style="list-style-type: none"> • Resilient communities • Sustainable communities <p>Derbyshire that cares</p> <ul style="list-style-type: none"> • Thriving children, young people and families <p>Local Derbyshire</p> <ul style="list-style-type: none"> • Ambitious and dynamic council

Service Transformation	<p>Will significantly assist with delivery of service priorities within the current climate of financial challenges</p> <p>Building capacity within services through knowledge transfer on good practice to bid development and bid writing</p> <p>Council transformation on developing more robust and strategic approaches to crafting sustainable and deliverable funding packages within a complex environment</p>
Emerging Policy	<p>Delivery of “Big List” for DCC projects</p> <p>D2 Combined Authority –maximising funding opportunities to support delivery of the D2 related projects on “Big List” for wider benefit of Derbyshire residents</p>
Risk Register	<p>Failing to maximise access and use of external funding will result in Council projects/ programmes not being delivered and potentially will undermine delivery of core services. The Council would also benefit significantly from managing the reputational risk of presenting poor/ under-developed funding proposals – particularly with major funding bodies.</p>
Compliance Requirements	<p>State Aid rules are complex and require concerted expertise to interpret and work within In addition, EU funding rules are also complex and require similar high levels of understanding and interpretation.</p>
External Performance Review	<p>Success will be measured on amount of funding secured and delivery of agreed projects/ programmes.</p>
Internal Performance Review	<p>Success will be measured on amount of funding secured and delivery of agreed projects/ programmes.</p>

BENEFITS TO LOCAL PEOPLE

Please provide details of the anticipated improvement/benefits to local people/communities and communities of interest, including protection of frontline services.

Investing in internal support to help craft and develop funding proposals for major projects will have significant benefits to local people and communities through:

- Creating job opportunities through the successful delivery of externally funded projects
- Improving local economic prosperity via additional GVA and spend in the local economy
- Improving social wellbeing via enhanced economic opportunities, better quality of place (housing, environment, networks etc), stronger communities etc
- Ensuring the Council maximises the use and impact of available core funding by attracting additional external funding to support activity
- Ensuring the Council maximises the use of its available land and other capital assets by utilising available external funding to actively inform disposal/ retention policies.

Bid Approval	
Departmental Strategic Director	
Date of Approval	
CMT	
Date of Approval	
Leader/Deputy Leader	
Date of Approval	