

DERBYSHIRE COUNTY COUNCIL

CABINET

3 November 2015

Report of the Strategic Director - Economy, Transport and Environment

**D2 (DERBY AND DERBYSHIRE) BUSINESS DEVELOPMENT
PROGRAMME – MATCH FUNDING (STRATEGIC POLICY, ECONOMIC
DEVELOPMENT AND BUDGET)**

(1) **Purpose of Report** To seek Cabinet approval for £325,000 match funding contribution over three years towards the proposed “D2 Business Development Programme”. The requirement for the funding contribution is subject to a full application to the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) European Structural and Investment Fund (ESIF) being successful.

(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 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 March 2015, D2N2 launched the first ‘call for projects’ through the ESIF Programme 2014-20. The call requested Expressions of Interest across three ERDF priority areas for submission to the Department of 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 Sizes Enterprises (SMEs).
- Priority Axis 4: Supporting the shift towards a Low Carbon Economy.

The Council has responded to the call, working collaboratively with all local authorities’ areas in the Derby and Derbyshire area (D2), to prepare a number of comprehensive partner projects, of appropriate size and impact, to deliver economic growth. Such projects are fully aligned to the approved Derbyshire Economic Strategy Statement and proposed combined Authority ambitions.

ESIF provides the Council and its partners across the D2 area the opportunity to maximise investment into local economic growth by supporting business growth, job creation and productivity gains. Such investment directly supports the ambitions of the County Council and its wider partners in supporting economic growth, improving local job opportunities and ensuring residents are able to maximise their potential. Engagement in the ESIF programme also demonstrates to Government the Council's ability to provide effective, joined up delivery of local economic development which further strengthens our position in respect of securing substantial devolution of powers and resources in future years.

Following the submission of an initial Expression of Interest in summer 2015, the Council has been invited to submit a full application for the D2 Business Development Programme for consideration by the DCLG by 5 November 2015. As part of this process, applicants must confirm that the total funding package is in place, including match funding contributions from delivery partners.

The Project

The "D2 Business Development Programme" 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 Derby City Council working alongside Derbyshire County Council as a key delivery partner.

Subject to approval, the project will operate over three years (2016-18), delivering a total investment package of £1.05m (£525,000 ERDF). In addition to the proposed Council investment, £200,000 match funding will be provided by Derby City Council (subject to approval).

The County currently experiences levels of business start-up which are significantly below the national average.

The D2 Business Development Programme will offer a unique enterprise support/pre-start up programme consisting of 1-to-1 coaching and mentoring to help local entrepreneurs generate business plans for the launch of new enterprises.

Key outputs from the project will be the creation of 120 new enterprises in the D2 area. This will help to tackle the lower than average levels of entrepreneurship and self-employment rate that has historically existed in Derby and Derbyshire, will boost economic resilience and help rebalance the economy in to address the current over-reliance of public sector jobs.

The approach is unique because it will be the only locally focused programme that combines intensive pre-pre start support and coaching techniques with creativity and innovation support to generate business ideas.

The D2 Business Development Programme will support individuals through a structured process from idea generation to business formation. The project will deliver a total of 14 coaching programmes. Each programme will last approximately 6 months and consist of the following journey:

- Weeks 1-8 – marketing to local communities, taster sessions, open days and sign-up.
- Weeks 8-18 – delivery of 1-to-1 coaching and innovation workshops at defined centres across the County, tailored to local needs.
- Weeks 19-25 – follow up coaching and referrals to pre-start and ultimately start-up support.

Delivery of each programme will be undertaken by a team of qualified and experienced business and innovation coaches to be procured through an open tender process.

During the sign-up phase, the beneficiary will undergo a pre-modelling stage to understand their experience and needs. After the 10 week workshop, the client will be engaged in follow-on support to refer them to appropriate start-up business support via the existing Growth Hub.

It is proposed that five programmes will run in Derby City and nine across Derbyshire. Marketing of each programme will be targeted appropriately, with programmes aimed at different localities within the County to maximise impact. Specifically, the project will engage clients from areas that have seen traditionally low rates of entrepreneurship, including deprived wards and rural areas.

This will contribute positively to closing the gap between England and other innovation driven economies with regard to the Total Early Stage Entrepreneurial Activity Rate.

This project aims to address a market failure, i.e. motivating people to be entrepreneurs who would not normally approach the existing business support network. It will provide support at the first rung of the enterprise ladder, which will add significant value to the creation of new businesses and employment in the D2 area.

The D2 Business Development Programme directly supports the Council Plan objective “A Derbyshire that works: A strong economy” and the Derbyshire Economic Strategy Statement (DESS) strategic theme “Fostering Enterprise and Business Growth,” particularly:

- Deliver high quality business support to support business growth and resilience.
- Develop an enterprising culture.

It will do this by directly contributing to the following:

- Targeted engagement, outreach and mentoring to strengthen entrepreneurial and enterprise culture.
- Provision of advice and support for entrepreneurship and self-employment, in particular amongst under-represented groups by developing entrepreneurial skills and attitudes with a focus on increasing the number of business start-ups.

(3) **Financial Considerations** The indicative profile of the proposed match funding contribution is £108,333 per annum (potentially a total of £325,000) across the three financial years of the project. Subject to approval, funding for the scheme will be required for a three year period starting in 2016-17. Ordinarily, it would be expected that Economy, Transport and Environment would use their earmarked reserves to finance the match funding required, however, as the level of earmarked reserves across the Council are under review, it is proposed to find the £325,000 from the General Reserve.

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** Held by the Economic Regeneration Service within the Economy, Transport and Environment Department. Officer contact details – Frank Horsley, extension 38348.

(7) **OFFICER'S RECOMMENDATION** That Cabinet approves a total funding contribution of £325,000 over three years from 2016-17. Ordinarily, these would be met from Economy, Transport and Environment earmarked reserves, however, as the level of earmarked reserves across the Council are under review, it is proposed to find the £325,000 from the General Reserve to support the proposed "D2 Business Development Programme" project.

Mike Ashworth
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