

Agenda Item No. 7(b)

DERBYSHIRE COUNTY COUNCIL

CABINET

3 November 2015

Report of the Strategic Director - Economy, Transport and Environment

D2 (DERBY AND DERBYSHIRE) ENTERPRISE GROWTH FUND – MATCH FUNDING (STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)

- (1) **Purpose of Report** To seek Cabinet approval to a maximum £600,000 match funding contribution over three years from 2016-17 towards the proposed “D2 Enterprise Growth Fund” project. 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 Sized 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 D2 Enterprise Growth Fund 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 project was submitted under Priority Axis 3 - Enhancing the Competitiveness of SMEs. The project will roll-out the successful Derby Enterprise Growth Fund model across Derbyshire. Critically, the project builds on the success of the Global Derbyshire Programme and expands the existing Derby Economic Growth Fund (DEGF) with additional ERDF resources.

Derby City Council is the applicant body and Derbyshire County Council's role in this project is as a delivery partner. The new Derby and Derbyshire Enterprise Growth Fund (D2EGF) will allow enhanced funding and support for more SMEs, delivering additional funding to innovate, expand and create new jobs across the County.

Although initially focussed on the D2 area, and endorsed by the D2N2 ESIF Programme Board, DCLG subsequently advised that a full application be brought forward for delivery across the wider Derbyshire and Nottinghamshire area in conjunction with East Midlands Business (EMB), Nottingham University and the University of Derby, all of whom proposed separate, yet similar, ESIF projects at Expression of Interest stage.

Currently, County Council officers are working with partner organisations to work up the final application for submission by the 5 November 2015 deadline. The total D2N2 wide project will propose a maximum of £12m investment (funded by £6m ERDF). Funding will be split 50/50 between D2 and N2 and

the maximum County Council match funding requirement will be £600,000 over a three year period. The D2 element of the project aims to deliver:

- 500 new jobs created
- 100 businesses supported
- 15 new businesses supported.

The project would contribute to the themes of a strong economy and build upon the successful Global Derbyshire Programme that provided grant support to over 110 businesses, created in excess of 440 new jobs and safeguarded a further 170 jobs. As reported to the last Derbyshire Economic Partnership Board meeting, the number of projects supported by district were:

- Amber Valley - 13
- Bolsover - 8
- Chesterfield - 27
- Derbyshire Dales - 25
- Erewash - 7
- High Peak - 10
- North East Derbyshire - 15
- South Derbyshire - 13

In addition, recycled funding of up to £1.5m has been earmarked as match funding from the DEGF (administered by Derby City Council) which has invested in excess of £20m Regional Growth Funds (by way of direct grant, equity and loan funding) into SMEs across the Derby Travel to Work Area, directly benefitting individual businesses and supply chain activity in the south of the County.

The proposed Enterprise Growth Fund project now will help deliver the ambition of providing support to businesses in traditional and developing industries, such as the visitor economy, creative industries, heritage, food and drink, and high technology manufacturing sectors.

The project supports the Council Plan Objective “A Derbyshire that works: A strong economy” and fits with two strategic themes of the Derbyshire Economic Strategy Statement (DESS) “Boosting investment and place making” and “Fostering enterprise and business growth” by setting out the right conditions to offer an exceptional environment to start and grow a business, foster a more diverse and high value business base and build resilience in our bedrock industries.

(3) Financial Considerations The indicative profile of the proposed match funding contribution is a maximum of £200,000 per annum (potentially a total of £600,000) across the three financial years of the project from 2016-17. At the time of drafting the report, negotiations are on-going with potential

delivery partners in shaping the project in line with DCLG guidance prior to the full application deadline of 5 November 2015. 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 £600,000 required 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** Yes.

(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 a maximum of £600,000 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 £600,000 from the General Reserve to support economic growth towards the proposed D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Enterprise Growth Fund.

Mike Ashworth
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