

Agenda Item No. 7(d)

DERBYSHIRE COUNTY COUNCIL

CABINET

3 November 2015

Report of the Strategic Director - Economy, Transport and Environment

**GROWING AND DEVELOPING THE VISITOR ECONOMY SECTOR WITHIN  
DERBYSHIRE – MATCH FUNDING (STRATEGIC POLICY, ECONOMIC  
DEVELOPMENT AND BUDGET)**

(1) **Purpose of Report** To seek Cabinet approval for £150,000 match funding contribution over three years from 2016-17 towards the proposed “Growing and Developing the Visitor Economy Sector within Derbyshire” 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 Developing the Visitor Economy within Derbyshire 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 "Growing and Developing the Visitor Economy Sector within Derbyshire" 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 Visit Peak District and Derbyshire (VPD&D) working alongside delivery partners Peak District National Park Authority, Derby City Council and Derbyshire County Council.

Securing key partners from across the County will help ensure the economic benefits of Derbyshire's tourism offer are felt by residents and businesses across the County also.

Subject to approval, the project will operate over three years (2016-18), attracting a total investment package of £1.49m (£745,000 ERDF). Alongside the proposed Council contribution of £150,000, match funding will include £200,000 from VPD&D (staff revenue costs), £37,500 Peak District National Park Authority, £37,500 Derbyshire Dales District Council (subject to approval), £145,000 Derby City Council (subject to approval) and £175,000 estimated private sector.

The Visitor Economy is a key growth sector for the D2N2 LEP and a vital part of the Derbyshire economy. The strategic importance of the visitor economy sector (based upon tourism and related activity) is clearly recognised in the Derbyshire Economic Strategy Statement (DESS) (notably Strategic Objective 8). Similarly, the project will support the delivery of key work streams

identified in the Combined Authority proposals, specifically around encouraging economic development and tourism in market towns and rural location.

In 2011, annual visitor spend within the County was £1.72bn (a 20% increase from 2008) and although employment has fallen by 15% between 2009-12, the sector still employs 27,000 people. Growth potential exists intrinsically within Derbyshire's unique visitor offer, but support is required to businesses across the sector and key locations to ensure longer/overnight stays and visitor spend increases are achieved and sustainable, and higher skilled jobs are created. This will support supply chain growth and longer term economic development.

Over the past two years, VPD&D has undertaken a comprehensive review of its structure, finances and activity to ensure it remains focused on delivering comprehensive marketing and business development support to the Visitor Economy sector. Direct core costs for the organisation have been reduced by approximately 35% which equates to approximately £205,000 per year on the previous structure whilst a marketing budget of £300,000 has been secured through membership contributions and funding secured for specific campaigns. Alongside the main 'attract branding' of the Peak District, the refocused organisation is developing a stronger "Experience Derbyshire" identity to ensure comprehensive support marketing and targeted activity is provided across the County.

The Council (alongside other local authority funding partners) is continuing to work with VPD&D on a new funding model that seeks to further reduce public sector financial support to the organisation and move towards a sustainable business model. Securing investment from external funding programmes such as ESIF is a key element of the new funding model and this project provides a cornerstone of this approach. If successful, it will shift future Council funding support into specific project activity (with clear deliverables) as opposed to supporting core organisational costs.

This project will support the capacity of SMEs in the Visitor Economy sector and its supply chains to grow in regional, national and international markets. It will do this by providing enterprises with support through business advice and guidance, expertise and knowledge needed to access new and emerging markets that have been identified by Visit England, as well as supporting the sector to achieve economic growth within its domestic markets by aligning provision through the D2N2 Growth Hub.

The project proposes delivery of support across a number of key strands:

- Pedal Peak Business Initiative – building upon the success of the Tour de France, Eroica, the Summer of Cycling and the Women's Tour of

Britain will seek to increase the competitiveness of SMEs through a focus on growth of the visitor economy and its supply chains, particularly linked to cycling.

- Inspired by the Peak District – the development and expansion of the ‘Inspired by the Peak District’ branding initiative to provide more visitor economy businesses with the opportunity to develop a marketing edge from their association with the high quality Peak District environment.
- Promoting Derbyshire Products – a programme of activities to support primarily the food and drink, creative and heritage sector, providing a strong platform for enhancing the Made in Derbyshire brand. This includes linking local suppliers to key promotional events (for example food fairs and cycling events); providing focused business support workshops (e.g. supplier days) and developing a “virtual market place” through social media.
- Supporting Market Towns – working with town teams across the County to develop the offer of individual locations for visitors and integrating the diverse offer of Derbyshire’s market towns within an integrated countywide offer.
- New and Emerging Consumer Markets – helping businesses to exploit new markets to boost competitiveness and resilience, notably international visitors, accessibility for disabled visitors, business tourism, etc.

Project beneficiaries are primarily SMEs across the wider sector and its supply chains and indicative outputs proposed include 400 businesses supported; 30 new businesses created and a minimum of 35 new jobs created.

As well as providing match funding, it is proposed that the Council acts as a delivery partner in relation to the “Supporting Market Towns” strand in particular.

**(3) Financial Considerations** The indicative profile of the proposed match funding contribution is £50,000 per annum (potentially a total of £150,000) across the three financial years of the project. Any funding contribution will be required from 2016-17 and is proposed to be allocated from Economy and Regeneration as part of a wider strategy to align existing budgets to support a more comprehensive and impactful economic activity.

## **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 funding contribution of £50,000 per year for three years from 2016-17 from the Economy and Regeneration budget towards the proposed “Growing and Developing the Visitor Economy Sector within Derbyshire” project.

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