

Agenda Item No. 8(a)

DERBYSHIRE COUNTY COUNCIL

CABINET

31 January 2017

Report of the Strategic Director – Economy, Transport and Communities

**D2N2 GROWTH AND INNOVATION PROGRAMME (STRATEGIC POLICY,
ECONOMIC DEVELOPMENT AND BUDGET)**

(1) **Purpose of Report** To seek Cabinet approval to endorse the European Regional Development Fund (ERDF) grant of £5.383m for the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Growth and Innovation Programme, and to confirm the previous commitment of up to £0.6m revenue contribution towards the project.

(2) **Information and Analysis**

Background

At the Cabinet meeting on 3 November 2015, approval was given to provide £0.6m to support Derbyshire and Derby Enterprise Growth Fund (D2 EGF) project (Minute No. 371/15 refers). The project proposal involved the Council working in partnership with Derby City Council to build on the success of the Global Derbyshire Grant Fund programme and expand the existing Derby Economic Growth Fund (DEGF) with additional ERDF resources.

However, the Council was subsequently advised by D2N2) European Structural and Investment Fund (ESIF) Programme Board and the Department for Communities and Local Government (DCLG) that a full application should be developed for the whole D2N2 area. The revised application was encouraged for a partnership comprising East Midlands Business Ltd (EMB), Nottingham University and the University of Derby, all of whom proposed separate, yet similar, ESIF projects at Expression of Interest stage.

Led by EMB and working in partnership with Derby City Council, Nottingham University, the University of Derby, a D2N2 Growth and Innovation Programme application was submitted for funding through the D2N2 ESIF programme as part of the ERDF Priority Axis 3 (Enhancing the Competitiveness of Small and Medium Sized Enterprises (SMEs). The D2N2-wide programme proposes a maximum of £12m investment, of which 50% (£6m) is funded by ERDF.

The Project

The D2N2 Growth and Innovation Programme brings together three separate funding projects under one overarching programme. The D2 EGF original proposals have been aligned into the new programme proposals.

EMB is the Accountable Body for the Programme and the County Council is a delivery partner alongside Derby City Council, Nottingham University, and the University of Derby. The initiative brings together the following grant schemes operating in the D2N2 area.

- D2 EGF
- University of Derby Invest to Grow scheme
- University of Nottingham N2 (Nottingham and Nottinghamshire) Business Growth Programme

EMB received confirmation from DCLG in May 2016 that a total of £5.383m ERDF had been awarded to facilitate the delivery of the Programme which will now run to December 2018.

Overall, the Programme will increase the amount of grant funding available from each of the three schemes, enabling them to provide support to a greater number of businesses wishing to invest in innovation and economic growth.

The D2 EGF project will help provide support to businesses in traditional and developing industries such as the visitor economy, creative industries, heritage, food and drink, and high technology manufacturing sectors. This part of the Programme builds upon the successful Global Derbyshire Grant Fund Programme that provided grant support to over 110 businesses, created in excess of 440 new jobs and safeguarded a further 170 jobs.

The D2 EGF will allow enhanced grant funding and support for 100 existing SMEs and 15 new ones helping them to innovate, expand and create up to 500 new jobs across the County. The key criteria for accessing the grant are:

- Value for money – seeking the minimum level of funding necessary to make the project happen and no more than £10,000 per new full time equivalent (FTE) job created.
- Match-funding – at least 70% of the costs should come from their own or other sources, ideally more.
- Speculative costs (e.g. sales and marketing) are generally not a priority for support.
- Early-stage businesses will be supported where significant reassurance can be provided around financial prospects, market potential and where wider investment is also present.

- Funding is discretionary – competition for funding means that no company is guaranteed funding even if they appear to meet all of the scheme criteria

The Derbyshire and Derby element of the grants to businesses aims to deliver the following ERDF outputs:

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

The County Council will lead on promotion of the grant scheme across Derbyshire, working closely with district and borough councils, as well as maintaining regular liaison with key stakeholders, including D2N2 Growth Hub.

The project supports the key Council objectives for developing economic growth, particularly in relation to boosting investment and fostering enterprise which are also highlighted in the DESS.

(3) **Financial Considerations** At the Cabinet meeting on 3 November 2015, approval was given to create an Earmarked Reserve of £0.6m, funded from the General Reserve, as Derbyshire County Council's funding contribution towards D2 EGF project and the wider D2N2 Growth and Innovation Programme and this reserve has been established.

(4) **Legal Considerations** EMB is the contracting body with DCLG. For the project, Derbyshire County Council is a delivery partner contributing match funding and delivering a key element of a wider project. The project governance structures require the Council to enter into an agreement with Derby City Council which has signed the funding agreement with EMB. The Director of Legal Services will advise in relation to the Agreement.

A Service Level Agreement (SLA) will be agreed between the Council and Derby City Council to ensure the required project outputs are achieved. The above Agreements are currently in draft and it is proposed that consideration and agreement of the final SLA is delegated to the Strategic Director – Economy, Transport and Communities in consultation with the Cabinet Member for Strategic Policy, Economic Development and Budget.

(5) **Social Value Considerations** The aim of this project is to provide grant funding to businesses and increase business activity in Derbyshire to create new jobs. This will increase local employment opportunities for local people in line with the objectives set out in the DESS and will thereby deliver social value objectives.

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.

(6) **Key Decision** No.

(7) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(8) **Background Papers** Held on file within the Economy, Transport and Communities Department. Officer contact Details – Nawaz Khan, extension 38481.

(9) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 9.1 Endorses the European Regional Development Fund grant of £5.383m for the proposed D2N2 Growth and Innovation Programme.
- 9.2 Confirms approval of the Earmarked Reserve of £0.6m, funded from the General Reserve, as Derbyshire County Council's funding contribution towards the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Growth and Innovation Programme.
- 9.3 Agrees to delegate to the Strategic Director - Economy, Transport and Communities and Director of Legal Services, in consultation with the Cabinet Member for Strategic Policy, Economic Development and Budget, final acceptance and signing of the final approval of any Service Level Agreements relating to the D2N2 Growth and Innovation Programme.

Mike Ashworth
Strategic Director – Economy, Transport and Communities