

D2 JOINT COMMITTEE FOR ECONOMIC PROSPERITY

4 June 2019

D2 BUSINESS RATE RETENTION PROGRAMME UPDATE

1.0 Purpose of Report

- 1.1 To provide an update on the progress of the D2 Business Rate Retention programme.

2.0 Discussion/Decision Required by the Meeting

- 2.1 **The Committee is asked to note the progress and success of the grant programme and provide comments as appropriate.**

3.0 Information and Analysis Update

- 3.1 Members will recall previous updates to the D2 Joint Committee advising that approximately £8.6m (30% of the total business rate pool) was originally set aside to support a programme of grant schemes enabling economic growth across the County.
- 3.2 There are three grant strands within the economic growth programme, all of which are geared towards supporting projects on an 'invest to generate' basis that otherwise might struggle to secure funding, either at all, or within an appropriate timescale. An objective of the programme has been to demonstrate a positive impact of targeted investment in securing business rate uplift in future years. It was agreed that at the outset of the programme, 75% of the available funding could be committed, with the remainder 25% pending confirmation of business rate receipts at year end.
- 3.3 The Committee will be aware that Strand 1 (Business Support) is administered by Derby City Council through the Derbyshire Enterprise Growth Programme (DEGF). Strand 2 (Enabling Future Delivery) and Strand 3 (Delivering Economic Impact) are being managed by Derbyshire County Council deploying resource from the Derbyshire Economic Partnership (DEP).
- 3.4 The paragraphs below provide an update on the three strands and progress with the appraisal process and approvals granted.

Strand 1: Business Support Grant (nominal allocation of £1.6m)

The objective of this strand is to support existing D2 businesses to survive, expand or relocate. The grant is aimed at helping create increased investment, job creation and business rates across the county and city. The level of grant available is between £2,000 and £50,000.

UPDATE:

An update on the progress of grants and activity from this strand will be provided at the Committee.

Strand 2: Enabling Future Delivery (nominal allocation of £1m)

The objective of this strand is primarily to support feasibility studies and pre-development work required to bring forward deliverable projects capable of providing an uplift to business rates in future years.

The nature of this fund means that inevitably, some of the impacts of the feasibility work will only be known over the long term and outputs of this strand won't always result in a direct/ immediate return on investment.

The Assessment Panel has been made up of Derby City and Derbyshire County Council Section 151 officers), plus four chief executives (DCC, Derby CC, High Peak and Derbyshire Dales) and supported by County Council's economic development and finance officers. For both Strands 2 and 3, external appraisal has been provided under contract by Hatch Regeneris. Due to the variety of project submissions received, the process has been iterative with a full appraisal undertaken for each project for consideration by the panel. Any issues or further information required by the Panel has then been fed back to applicants for a response. When a response has been received, a further revised appraisal has been completed to enable the Panel to make a final decision.

UPDATE:

Grant Agreements have now been completed for 12 projects, totalling £631,150,150 (63%) of the Strand 2 allocation. A further project "Visit. Sleep. Cycle. Repeat" is part funded from both Strand 2 & 3, with a grant agreement in preparation. Three projects are currently held in reserve and still under development. Details of the approved projects will be provided at the meeting.

Strand 3: Delivering Economic Impact (notional allocation of £5.6m)

The objective of this strand is to support the bringing forward primarily capital projects that will deliver transformational change and deliver business rate uplift. Support is split into two: those which have an obvious, direct impact on business rate uplift and those which are likely to be equally important but where economic impact is not direct (i.e. improvements to quality of place and ensuring attractiveness to inward investment).

UPDATE:

Grant Agreements have been completed for 6 projects, totalling £2,833,520 (51%) of the Strand 3 allocation. Approval for the “Derby & Derbyshire Energy Efficiency Phase 2” project (now known as DECarbonise) is subject to ERDF approval (currently pending) and a Grant Agreement will be provided when this is confirmed which will increase the total Strand 3 allocation to 56% of the £5.6m allocation.

Following further discussion, “Re-vitalising the Heart of Chesterfield” has been invited to re-submit for reduced funding and this is pending. There is one project currently held in reserve subject to further programme funding being made available. Details of the approved projects will be provided at the meeting.

4.0 Issues

- 4.1 When the programme was launched, the Joint Committee agreed that no more than 75% of the funding per strand could be allocated; this was to ensure that risks on business rate recovery could be managed to best effect.
- 4.2 Section 151 officers are currently reviewing the level of business rate recovery for 2018/19 and its potential impacts on the total funding available for the pilot programme. A further update will be provided to the Joint Committee at the meeting on 4th June, outlining the current financial position and likely next steps.

