

Agenda Item No. 9

D2 JOINT COMMITTEE FOR ECONOMIC PROSPERITY

6 September 2018

BUSINESS RATE PILOT – PROPOSALS FOR SUPPORTING ECONOMIC GROWTH

(1) **Purpose of Report** To provide a brief update on progress and preparations for full implementation of the D2 Business Rate Pooling pilot.

Discussion/Decision Required by the Meeting

To note the progress that has been made and the pending formal launch of the grant schemes.

(2) **Information and Analysis**

Update

Members will recall previous updates to the D2 Joint Committee advising that approximately £8.6m (30% of the total business rate pool) has been set aside to support a programme of grant schemes enabling economic growth across the County. The overall value of the funding pot will be confirmed at the end of financial year 2018/19 once all business rate receipts, appeals etc have been reconciled.

There are three grant strands within the economic growth programme all of which are geared towards support projects on an 'invest to generate' basis that otherwise might struggle to secure funding, either at all, or within an appropriate timescale.

The paragraphs below provide a very quick update on the three strands and progress in terms of preparation and launch of 'call for projects' which are:

Strand 1: Business Support Grant – approximately £1.6m to support existing D2 businesses to be maintained, expand, evolve or relocate. The grant is aimed at helping create increased investment, job creation and business rates across the county and city.

Derby City is leading on the preparation and management of this funding strand. All relevant templates and guidance documents have been prepared and shared with D2 local authorities. In terms of complementarity, this strand of funding will not duplicate current grant schemes (e.g. the Derby and D2 Enterprise Growth Funds, digital business growth or the D2N2 Energy Efficiency grant) but will provide an alternative source of funding to SMEs

where smaller capital and revenue grants are required. Grant size is proposed to be between £2,000 and £50,000.

Formal launch of the scheme is due in September, following approval by Derby City Council Cabinet.

Strand 2: Enabling Future Delivery – primarily through feasibility projects. The initial allocation of funding for this strand is approximately £1m, although we already are aware that demand for this strand is high (as there are no other such funds available at the moment) so it likely there will need to be some re-allocation from other strands.

The purpose of this fund is to provide monies to help bring forward well-considered and deliverable projects capable of providing an uplift to business rates in future years. Essentially, it is focused on pump priming future development and the type of activity potentially covered by the fund includes feasibility studies and other pre compliance work. As a result, it is not appropriate to set an upper or lower limit to the grant applications at this stage.

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.

Derbyshire County Council is leading on the preparation and management of this funding strand, although independent assessment on the business cases will be a fundamental part of the process. This will ensure parity and objectivity to the considerations.

All relevant templates and guidance documents have been prepared and shared with D2 local authorities – with good input and engagement from all.

Formal launch of the scheme is due in September and the first 'batch' of project proposals will be sent for assessment around 15 September. The Assessment Panel (made up of Derby City and Derbyshire County Council Section 151 officers), plus four chief executives (DCC, Derby CC, High Peak and Derbyshire Dales) will meet at the end of October to consider and agree the funding.

Strand 3: Economic Impact – approximately £5m+ aimed at supporting direct business rate retention or uplift through (primarily) capital projects, but not exclusively. 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) and therefore have a more

No lower or upper limit is proposed to the grant application at this stage but awards will be dependent on size of risk and return on investment. It is proposed that whilst ideas for projects may be generated from either the public (including hospitals, police service, fire service etc) or private sector, projects will need to be sponsored by one of the local authorities represented on the Joint Committee.

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Given that the final value of the full BR fund will not be known for some time, as a first principle, section 151 officers have requested that 25% of the economic growth fund (approximately £2m) should be held back from being committed so all strands are looking to allocate up to 75% for the time being.