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To: Members of Cabinet Member - Clean Growth and Regeneration

Wednesday, 1 September 2021

Dear Councillor

Please attend a meeting of the **Cabinet Member - Clean Growth and Regeneration** to be held at **9.30 am** on **Thursday, 9 September 2021** in Committee Room 2, County Hall, Matlock; the agenda for which is set out below.

Yours faithfully

A handwritten signature in black ink that reads 'Helen E. Barrington'.

Helen Barrington
Director of Legal Services

AGENDA

PART I - NON-EXEMPT ITEMS

1. To receive declarations of interest (if any)
2. To confirm the non-exempt minutes of the meeting of the Cabinet Member - Clean Growth and Regeneration held on 29 July 2021 (Pages 1 - 2)
3. To consider the non-exempt report of the Executive Director - Place: Update on the Invest in D2N2 Project and "Invest in Derbyshire" Service (Pages 3 - 12)

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MINUTES of a meeting of **CABINET MEMBER MEETING - CLEAN GROWTH AND REGENERATION** held on Thursday 29 July 2021 at County Hall, Matlock

PRESENT

Councillor T King – Cabinet Member

Also in attendance: Councillor A Gibson

07/21 **MINUTES** **RESOLVED** to confirm the non-exempt minutes of the meeting of the Cabinet Member for Clean Growth and Regeneration held on 8 April 2021.

08/21 **PERFORMANCE AND BUDGET MONITORING/FORECAST OUTTURN 2020-2021 AS AT QUARTER 4** The Cabinet Member was provided with an update on the Council Plan performance position and the revenue budget position of the Clean Growth and Regeneration portfolio for 2020-2021.

The report showed that progress was "good" or "strong" for the majority of the Council Plan deliverables led by the portfolio however Climate change framework had been flagged as "requiring review". After the use of additional Covid-19 funding, the outturn position for 2020-2021 was an overspend of £0.147m.

The report contained detailed tables and graphs showing an overview of progress on deliverables and measures. Climate Change Framework, was being taken forward as part of Vision Derbyshire with leads for the 'Living and Working Sustainably' had been agreed. Climate action planning was also continuing with the D2 Action Planning process led by Midlands Energy Hub. Soft Market Testing had been undertaken to get feedback prior to developing the specification for a tender for producing a Natural Capital Strategy and there has been increased activity in this area of work with the recent appointment of a Climate Change Programme Manager.

Economic Development saw an overspend of £0.138m following the suspension of planned projects and activities due to COVID-19. Employment Development saw an overspend due to salary costs that were not budgeted for and pending rationalisation of the Economy and Regeneration Service. Markham Vale saw an underspend of £0.095m due to an increase in salary recharges to capital. These were detailed within the report.

Earmarked reserves totalling £0.619m were held to support future expenditure; these were detailed in the report.

RESOLVED that the Cabinet Member note the report.

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DERBYSHIRE COUNTY COUNCIL

**MEETING OF CABINET MEMBER – CLEAN GROWTH AND
REGENERATION**

9 September 2021

Report of the Executive Director - Place

Update on the Invest in D2N2 Project and “Invest in Derbyshire” Service

1. Divisions Affected

1.1 County wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose

3.1 To provide the Cabinet Member with an update on the European Regional Development Fund (ERDF) “Invest in D2N2” (Derby, Derbyshire, Nottingham and Nottinghamshire) project and report on the progress of the specific Derbyshire Economic Partnership (DEP) “Invest in Derbyshire” service over the past 12 months.

3.2 To approve continuation of the partnership grant agreement with Marketing Derby for the remainder of the delivery period (up to 31 October 2022) and review activity over the past 12 months.

4. Information and Analysis

4.1 Background: Phase 1

The “Invest in D2N2” inward investment project was awarded an ERDF grant in November 2016 of £1,041,254 against a total project cost of £2,082,508. The project was delivered in collaboration with Derbyshire Economic Partnership (DEP), Marketing Derby, Destination Chesterfield and Marketing Nottingham and Nottinghamshire, with Nottingham City Council being the accountable body. At the Cabinet meeting on 31 January 2017, approval was given for Derbyshire County Council to provide match funding towards the project and agree the final terms of the required Partnership/Collaboration Agreements (Minute No. 31/17 refers).

4.2 The £90,000 match funding from Derbyshire County Council (secured through the DEP budget) was used to lever in the ERDF money to deliver a programme of activity across Derbyshire over the period 2016-19. The aim of the project was to carry out a series of activities to support businesses looking to relocate or start up in the D2N2 area. The project also enabled existing organisations that support inward investment activity across Derbyshire to work in a more co-ordinated manner and pro-actively develop a more dynamic service for the county.

4.3 Specifically within the D2 (Derby and Derbyshire) area, it was agreed to enter into a partnership grant agreement with Marketing Derby to deliver targeted activity on behalf of the County Council and DEP. This included the appointment of a project-funded, dedicated inward investment officer to work alongside the DEP Investment Co-ordinator.

4.4 The project as a whole, and the “Invest in Derbyshire” element specifically, was established to support delivery of the aims and objectives of the Derbyshire Economic Strategy Statement (DESS), also complementing both the Midlands Engine Strategy and D2N2 Strategic Economic Plan. In addition, inward investment forms an integral part of the Council’s commitment to delivering new and enhanced enterprise and investment services as set out in the Cabinet report approved on 11 January 2018 (Minute No. 08/18 refers) which committed additional budget to support the Council Plan objective of delivering “A Prosperous Derbyshire”.

4.5 Contracting delivery to Marketing Derby was considered appropriate given the profile of the organisation in the sphere of investment promotion and its strong links with other elements of the wider D2N2 project. The arrangement provided a more responsive, local service working

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alongside contacts in borough and district authorities and enhanced marketing activity through events, publications and digital media.

- 4.6 The grant agreement between Derbyshire County Council and Marketing Derby was signed in May 2017 and not only facilitated the appointment of a new officer, but enabled activity to be jointly procured through one central point, offering greater efficiency and effectiveness in the use of resources. A specific work package was developed for delivering “Invest in Derbyshire” and a strategy document, “Delivering Inward Investment in Derbyshire, 2017-19” was endorsed by the DEP Board.
- 4.7 Regular reports have been provided to the Board via the Inward Investment Steering Group, chaired by the Cabinet Member - Clean Growth and Regeneration, monitoring delivery of the project against the agreed Strategy.
- 4.8 The impact of the project and the extra resource received strong, positive feedback from district/borough councils and private sector partners and the project met all performance targets up to the end of the original contract in 2019.

The outputs achieved for Derby and Derbyshire in the first phase of the project were as follows:

Output	Target	Achieved
C1 - Number of enterprises receiving support	45	45
P13 - Number of enterprises receiving information, diagnostic and brokerage support	69	89
C4 - Number of enterprises receiving non-financial support	45	45
C5 - Number of new enterprises supported	11	11
C8 - Employment increase in supported enterprises	86.05	111.78

4.9 Overview of Phase 2

Following the successful completion of Phase 1 of Invest in D2N2, an application was made to the Ministry of Housing, Communities and Local Government (MHCLG) to extend the project for a further three years. The application for extension of the project was for £3,230,666, with 50% being funded through ERDF. The DEP element of this funding package was £355,855 over the three year period 1 November 2019 to 31 October 2022 (again, with 50% being funded via ERDF).

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- 4.10 On 9 May 2019, the Cabinet Member - Clean Growth (formerly Economic Development and Regeneration) approved £177,928 match funding from the County Council to support continued delivery of the Invest in Derbyshire service through the extended Invest in D2N2 project. As a result, a new agreement and delivery plan with Marketing Derby was prepared for the contract period (Minute No. 04/19 refers).
- 4.11 The application for the project extension was approved by MHCLG in September 2019 and a new contractual agreement with Marketing Derby was endorsed (Minute No. 18/19 refers) with delegated authority being given to the Strategic Director – Economy Transport and Environment (now the Executive Director – Place) to continue the agreement to the end of the project (October 2022), supported by an annual performance review presented by Marketing Derby to the DEP Board.
- 4.12 Phase 2 of the project has continued to deliver a wide range of specialist inward investment support to businesses looking to launch or grow their footprint in Derbyshire and the wider D2N2 area – ultimately supporting increased productivity, the creation of new or expanded enterprises and jobs, products and services.
- 4.13 The focus has been on supporting businesses to grow and invest by building on lessons learned and providing more comprehensive support to the ‘customer journey’ and offering added value activities around foreign direct investment (FDI) and fostering entrepreneurship. These enhancements, in turn, attract more successful businesses to the region and ultimately support our wider economic objectives around innovation and levelling up jobs and opportunities.
- 4.14 The extended project is also developing/enhancing collaborative working amongst key organisations, such as Marketing Derby and Destination Chesterfield, building upon the excellent progress made in raising the profile of Derby and Derbyshire as the “Capital of Innovation”.
- 4.15 Following the success of the first phase of the project and the work generated as a result, the second phase supports two officer posts - the existing Inward Investment Executive supported by an additional Inward Investment Executive post for Derbyshire based at Marketing Derby.
- 4.16 **Phase 2 Progress to Date**
Over the past 12 months, the D2 – and D2N2 – economies have been impacted significantly by Covid 19. In the early period of the pandemic, businesses were either closed, operating on reduced outputs or adopting cautious approaches to investment. As a result, the D2 project adjusted its work accordingly with project resources often being diverted to support rescue and recovery efforts which subsequently meant that proactive

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work around key account management or support to events were cancelled/ postponed. On the Nottinghamshire side of the project, staff were either furloughed or part furloughed at the beginning of the pandemic. This has led to some small underspends in the last 12 months.

4.17 However, overall, this has not had a significant impact on the delivery of the project. The number of enquiries have remained consistent and therefore outputs have been met. Where some companies faced difficulties, others took opportunities and therefore expanded or changed how they operated. The team offered support to those businesses and saw investments as a result.

4.18 The programme of activities to date of the ERDF project have proved highly effective with the Derbyshire element of the project achieving or over-achieving on most of the output targets.

4.19 The table below demonstrates the how the overall project has spent to up until March 2021.

Total project spend target (Nov 2016 – Oct 2022)	Total spend target to date (Nov 2016-Mar 2021)	Total achievement to date (Nov 2016-Mar 2021)	Percentage achieved to date
£5,291,900	£3,548,437	£3,126,548	88%

4.20 Up to the period to March 2021, the outputs that have been achieved for Derby and Derbyshire are as follows:

Output	Overall target (November 2016 – October 2022)	Target to date (November 2016 – March 2021)	Achieved to date (November 2016 – March 2021)	Percentage achieved to date against target.
C1 - Number of enterprises receiving support	100	60	57	95%
P13 - Number of enterprises receiving information, diagnostic and brokerage support	149	94	104	111%
C4 - Number of enterprises receiving non-financial support	100	60	57	95%
C5 - Number of new enterprises supported	22	14	12	86%

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C8 - Employment increase in supported enterprises	201.05	116.05	139.89	121%
C28 – Number of enterprises supported to introduce new to the market products.	6	2	4	200%
C29 – Number of enterprises supported to introduce new to the firm products.	6	2	5	250%
P11 – Number of potential entrepreneurs assisted to be enterprise ready	9	3	0	0%

4.21 Some of the outputs have been impacted upon due to the Covid 19 pandemic with remote working making it difficult to access new companies and potential entrepreneurs, however, the overall delivery has been successful with companies still making investments. These are in a range of sectors but there has been an increase in those in the food manufacturing industry.

4.22 Key activities that have taken place to raise the profile of Derbyshire include:

- New Branding
- New website
- Library of investment images
- Invest in Derbyshire Film
- Marketing collateral
- Pitchbook for investors
- Development Maps for Derbyshire
- Development Maps for each District
- Showcase at local, national and international events
- Investment Summits, particularly successful on-line.

4.23 **Next Steps**

Moving forward, much of the work for the Invest in Derbyshire service will be aligned to the Covid-19 Economic Recovery Strategy to ensure a fully joined up approach – including signposting to key areas of recovery activity such as the Green Entrepreneurs Fund which was launched in May 2021 and is directly supported by Derbyshire County Council.

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- 4.24 Following the impact of the Coronavirus pandemic and the subsequent publication of the Covid19 Economic Recovery Strategy, specific projects will be carried out that were highlighted as actions within the strategy. This in the first instance will be the creation of an investment prospectus for the County.

5. Consultation

- 5.1 Not applicable.

6. Alternative Options Considered

- 6.1 Do nothing – doing nothing is not considered an option as the project is already in contract so either needs to be terminated, continued or amended in some form.
- 6.2 Terminate or amend the contract - the project has successfully delivered targeted outputs to date over both phases 1 and 2 – or has a clear understanding of why/where targets haven't been met and a strategy for recovering performance over the remaining 12 months. There are no strong grounds on which to terminate the contract and amending the previously agreed delivery outputs at this stage is not considered an appropriate use of resources – particularly given the recently-commissioned review of inward investment activity in Derbyshire.
- 6.3 Marketing Derby has successfully delivered the project since inception and is part of the ERDF partnership Given the strong level of performance and well-embedded nature of partnership working across D2N2 and relationship with the DEP Board, the above alternative options are not considered appropriate and it is proposed that the Invest in Derbyshire agreement – and funding – be maintained up to completion of the project on 31 October 2022.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 None identified.

9. Appendices

- 9.1 Appendix 1 - Implications.

10. Recommendations

That the Cabinet Member:

- a) Notes the report and gives approval to release the remainder of the funding to deliver the ERDF-funded D2N2 Inward Investment Programme.
- b) Delegates authority to the Executive Director - Place to agree to continue the partnership grant agreement between Marketing Derby and the Council until 31 October 2022.

11. Reasons for Recommendation

11.1 To enable the completion of the ERDF-funded D2N2 Inward Investment Programme in support of continued growth of the Derbyshire economy.

12. Is it necessary to waive the call in period?

12.1 No.

Report Author: Allison Westry-Chapman **Contact details:** Allison.westray-chapman@derbyshire.gov.uk

This report has been approved by the following officers:

<p>On behalf of:</p> <p>Director of Legal Services and Monitoring Officer Director of Finance and ICT Managing Executive Director Executive Director(s)</p>	
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Implications

Financial

1.1 The total cost for the “Invest in Derbyshire” element of the project (including 50% contribution from ERDF) is £355,855. The enhanced project requires match funding from the Council of £177,928 for a three year period which was approved by the Cabinet Member – Economic Development and Regeneration on 9 May 2019. The match funding approved includes the alignment of 0.3 full time equivalent (FTE) of an existing Senior Economic Development Officer (Grade 11) at a cost of £21,719 with remaining match funding of £156,209 allocated from the Economy and Regeneration budget (agreed in minute 04/19).

Legal

2.1 As set out in report approved on 9 May 2019, the Council has an existing Partnership Grant Agreement with Marketing Derby, dated 11 May 2017, covering the three year period of the first phase of the project which ended on 31 October 2019.

2.2 Following ERDF approval, a new Agreement was put in place with Marketing Derby to deliver the project extension from 1 November 2019, until the end date of 31 October 2022. In January 2020, half the finances for the programme were released and the remainder halfway through the delivery of the project (April 2021), subject to delivery of spend and outputs (detailed in the tables above). The Director of Legal and Democratic Services will provide advice in connection with the extension of the agreement.

Human Resources

3.1 As set out in report approved on 9 May 2019, the match funding includes 0.3 FTE of the Senior Economic Development Officer (Inward Investment) who project manages the contract with Marketing Derby on behalf of the Council.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 None.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

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