

DERBYSHIRE COUNTY COUNCIL

D2 JOINT COMMITTEE FOR ECONOMIC PROSPERITY

**PROGRESS UPDATE ON D2
RETAINED BUSINESS RATES PROGRAMME**

1.0 Purpose of Report

- 1.1 To provide an update on the key success areas regarding use of the D2 Retained Business Rates, most notably the grant programme and (Vision Derbyshire) business start up project.

2.0 Discussion/Decision Required by the Meeting

- 2.1 **The D2 Joint Committee is requested to note and comment on the progress of the grant programme across the three strands of activity.**
- 2.2 **To approve change requests made for specific projects identified.**
- 2.3 **To decide on how to allocate the remaining funding.**

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) had been 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 is to demonstrate a positive impact of targeted investment in securing business rate uplift in future years.
- 3.3 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.

- 3.4 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.
- 3.5 The paragraphs below provide an update on the three strands and progress.

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

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

The scheme closed to new applications in September 2019 but an extension was applied to those existing businesses already committed to the scheme but experiencing hesitancy either because of Brexit or Covid. The scheme paid out the final grant award in March 2021 and is now complete.

Outputs received to date:

- Number of Business Supported - 47
- Job Creation – 115 FTE
- Private Sector Leverage - £2,031,525
- Turnover Growth - £3,934,524

Value for Money:

The value of grants came to £958,121 (further details of underspend are covered later in report)

- Cost per job - £8,331
- For every £1 spent £2 of private sector money was invested
- Turnover growth increased by £3.9m across the 2+ years of the project. This figure is lower than anticipated as many businesses were closed or offered a much-reduced service/ sales due to the pandemic.

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

The objective of this Strand primarily has been to support feasibility studies and pre-development capital work required to bring forward those projects capable of delivering an uplift to business rates in future years. *NB: this latter programme area would typically struggle to achieve external funding.*

A total of 13 projects have been funded through this programme with projects amounting to £658,150. A number of delays have been experienced on projects throughout Covid which in the most part, have now been resolved. A number of change requests have emerged through this Strand:

- **(S206) South Normanton** - Change from a feasibility study to a grant scheme to improve shop fronts in the town. This would be the same approach as has been taken for S303 Shirebrook Shop Fronts. The systems are in place to enable the project to take place. The local authority felt it would be a better use of funding following the difficulties that town centre businesses have suffered during the pandemic.
- **(S209/14) Visit, Sleep, Cycle, Repeat** – Request to extend the timeframe of the project following delays due to Covid.

Details of the Strand 2 projects are set out in Annex A.

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

The objective of this Strand has been to support the bringing forward of primarily capital projects that will deliver transformational change and deliver business rate uplift. Support has been split into two areas: 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). *NB: this latter programme area would typically struggle to achieve external funding.*

A total of nine projects have been approved (one of which is Visit, Sleep, Cycle, Repeat which is also part of Strand 2). The Assembly Rooms Project, which amounted to £975,000, did not go ahead and the business rate allocation was returned to the shared pot. As a result, the total value of capital projects that went ahead was £3,203,424.

The following change requests have been received for this Strand:

- **(S303) Shirebrook Shop Fronts** – The original application was to include a specific part of the town centre. A request has been made to expand the footprint of the grant to include more businesses in the town centre and due to increase in building material cost increase the maximum grant for a business from £15,000 to £20,000.

- **(S3/11) Cathedral Green Project** - Proposed funding to be diverted to other projects as it did not go ahead due to the pandemic. Further detail is required to understand the status of the funding.

Details of the Strand 3 projects are set out in Annex A.

3.6 An overview of the total allocation and spend to date is set out below:

	Total Budget	Spend to date	Remaining Allocation
Strand 2	£886,267	£658,150	£228,117
Strand 3	£4,963,096	£3,203,424	£1,759,672
Total	£7,267,390	£3,861,574	£1,987,789

3.7 In addition to the above business grant scheme, at the D2 Joint Committee on 3rd December, 2020 it was agreed:

- To initiate and launch a business start-up and associated grant scheme as part of the Vision Derbyshire economic development pilot.
- To allocate £1m funding for the business start-up and grant scheme from the retained business rate pilot – to fund business start-up advisers and offer grant support.

3.8 The need for such a scheme was acknowledged in the COVID Economic Recovery Strategy and project proposals have been developed through the active involvement of officers in all ten local authority areas. The scheme launched in July 2022 and progress has continued at pace since this time with high levels of interest from residents and future entrepreneurs across the County. A full update on the progress made will be provided by brief presentation at the Joint Committee meeting on 3rd March 2022.

3.9 Having regard to the additional £1m allocation to support the business start-up project, circa £900,000 remains in the Retained Business Rate pilot budget and is available to the D2 Joint Economic Prosperity Committee.

3.10 Although not a vast amount of money, the remainder fund could make a significant difference to joint work across the County. Options include:

- Support to employment and skills delivery – including extended work on youth hubs and careers hubs and more meaningful liaison with businesses
- Extended grants and support to businesses (as per business start up or capital schemes)
- Support to the next phase of the market towns programme

- d) Support to other aspects of the Recovery Strategy which haven't yet progressed e.g. wifi enablement/ smart and digital connectivity across the County

4.0 Recommendations:

4.1 That the D2 Joint Economic Prosperity Committee:

- A) Agrees the project change requests for Strands 2 and 3 outlined in paragraph 3.5 of this report for the projects listed.
- B) Notes the strong progress of the Vision Derbyshire Business Start Up Project.
- C) Considers the broad outline of options for use of the remaining funding, and requests officers return to the Joint Committee with firm proposals.

Annex A

Strand 2: Enabling Future Delivery

Approved Projects:

Ref	Project Name	BRRP approved	Comments
S2/01	Eckington and Dronfield Town Centre Regeneration Studies	40,000	Project due to be completed Q4 2021.
S2/02	Dales Central Area Workspace	18,000	Project delayed due to Covid. Will be complete Q1 2022.
S2/03	Coalite Innovation Park Enabling Delivery Study	31,500	Project completed.
S2/04	Glossop A57 Economic Growth & Gateway Study	40,000	Project Completed
S2/05	Creswell Station Business Centre	13,500	Project Completed
S2/06	South Normanton Market Place Feasibility Study	13,500	Project change request made to provide shop front grants rather than a feasibility study.
S2/07	DRIVE Innovation Centre	45,000	Feasibility work complete. Now part of the Staveley Town Deal. Continue monitoring
S2/08	Development of employment land for incubation units/new business start-ups (Amber Valley)	30,000	Project completed.
S2/14	Visit. Sleep. Cycle. Repeat.*	27,000	Project change request made to extend.
S2/15	HS2 East Midlands: South Derby Growth (SDGZ) Zone/Infinity Garden Village (IGV) and Celanese Urban Village	150,000	Project completed.

S2/16	Connecting Growth: Mobilising innovation project	30,000	Project complete
S2/17	Science and Innovation Zone (Infinity Park)	185,000	Delays in Skills assessment. Continue to monitor
S2/18	Ilkeston Gateway Flood Risk Assessment	34,650	Project completed.

Strand 3: Delivering Economic Impact

Approved Projects

Ref	Project Name	BRRP approved	Comments
S3/02	Buxton Crescent & Thermal Spa	750,000	Project complete
S3/03	Shirebrook Shop Front Grants Scheme (Phase 2)	375,000	Project Change request made.
S3/06	Swadlincote Depot	63,750	Project complete.
S3/08	Derby and Derbyshire Energy Efficiency (Phase 2)	224,904	Longer term project matched with ERDF. Progressing as planned.
S3/11	One Cathedral Green, Full Street, Derby	319,770	No information provided. Project stalled.
S3/12	Retail Diversification and Make and Trade Zone	350,000	No information – project stalled.
S2/14	Visit. Sleep. Cycle. Repeat.	70,000	Requested extension.
S3/05	Re-vitalising the Heart of Chesterfield (approved at a later date)	£1,050,000	Timescales impacted upon due to covid but the project is progressing and should be complete by the end of 2022. Part of a much larger project.