



Derby City Council

Council Cabinet
15 April 2015

ITEM 5

Report of the Cabinet Member for Planning,
Environment and Regeneration

Derby Regional Growth Fund Programme

SUMMARY

- 1.1 The Council successfully secured £40m from the Regional Growth Fund (RGF) in November 2012. The programme comprises four strategic projects: the creation of Infinity Park Derby (IPD); the construction of an Innovation Centre (iC) to become the Centre of Supply Chain Innovation in Transport Engineering; investment in facilities at the Railway Technical Centre (RTC); and a grant and loan fund to support the expansion of local businesses – the Derby Enterprise Growth Fund (DEGF). The Programme also provides funding to support the administration and management of the programme.
- 1.2 The RGF programme is making excellent progress and, at the time of writing, £28m (70%) of the programme allocation has been invested and 477 new jobs have already been created, mainly through DEGF. As part of the RGF agreement the Council is contractually obliged to monitor jobs created through new DEGF projects and the other capital projects in the programme to 2020.
- 1.3 DEGF was initially established with £20.258m allocated from RGF. This fund has been exceptionally successful, over 150 projects have received support and the fund is considered one of the most successful of its kind in the country. Contracts have already been issued to the value of £21.77m and a further £1.09m has been offered "in principle" subject to due diligence and completion of contracts. Over £12m of DEGF awards have been made in the form of commercial loans. Loan repayments will enable the Council to continue to invest in new DEGF projects until at least March 2020. There continues to be a strong pipeline of projects seeking DEGF support.
- 1.4 The Department for Business, Innovation and Skills (BIS, the RGF funding body) advised in February that the national RGF spend deadline would be extended from June 2015 to 31 March 2016. This change in timeline requires Cabinet to consider changes to the currently approved RGF programme.
- 1.5 The purpose of the accompanying confidential report is to seek approval for changes to the Council's capital programme to enable the continuation of DEGF as a revolving fund to support job creation through business growth until at least March 2020.

RECOMMENDATION

- 2.1 To note this report for information.
- 2.2 To note that the detail of the changes to the Regional Growth Fund programme arrangements are covered within the confidential part of the Cabinet Agenda.

REASONS FOR RECOMMENDATION

- 3.1 For Members to note the success of the work undertaken as part of the RGF funding allocation, and the need to make changes to the programme as a result of a change in the RGF spending timelines from Government.



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Report of the Interim Strategic Director of Neighbourhoods

Derby Regional Growth Fund Programme

SUPPORTING INFORMATION

Background and Progress

- 4.1 The Derby RGF Programme is managed by Derby City Council. The aim of the Programme is to create jobs for local people by accelerating the delivery of the existing Economic Strategy for Derby and creating a thriving sustainable economy. It will achieve this by:
- Strengthening the supply chains and innovation capacity within our transport engineering sectors.
 - Supporting diversification into new markets and,
 - Creating new businesses opportunities and nurturing their development.
- 4.2 The Derby RGF Programme comprises four projects;
- Derby Enterprise Growth Fund (DEGF) - £20.26m – a scheme to support business growth through grants and loans.
 - Infinity Park Derby - £10m – a new 250 acre commercial park.
 - Innovation Centre - £6.5m – a showcase for collaboration between Universities and businesses involving initially the construction of an Innovation centre.
 - RTC Business Park - £2.24m – major refurbishment of existing rail-related office, laboratory and workshop facilities.
 - The programme includes an Administration and Management allocation of £1m.
- 4.3 The RGF programme is performing well, in Quarter 3 (Oct-Dec 14) the programme over-achieved against spend targets. This achievement has led to the Programme's risk rating moving from amber to green in January 2015. Robust programme management systems are in place and, despite late starts for two of the biggest capital projects, spend targets expected to be achieved by the end of May 2015. The creation of new jobs broadly follows programme target levels and the majority of new job outputs to be achieved by the remaining capital projects within the RGF programme will be delivered between 2016 to 2020. This healthy position has been achieved principally through managed over-commitment of the DEGF.

- 4.4 Since DEGF was launched in November 2012, over 150 businesses have been supported through grants and/or loans in Derby and the surrounding Travel to Work Area. The Fund has already created 455 new jobs to date. Furthermore, DEGF is expected to overachieve against the March 2020 target (3,035 new jobs). DEGF is considered to be one of the best performing schemes of its kind in the country.

Financial Position

- 4.5 The Department for Business, Innovation and Skills (BIS, the RGF funding body) advised in February that the national RGF spend deadline would be extended from June 2015 to 31 March 2016. This change in timeline requires Cabinet to consider changes to the currently approved RGF programme. These details are set out in the confidential report associated with this report.

OTHER OPTIONS CONSIDERED

- 5.1 If the recommendations proposed in the confidential report are not approved, then there is a risk that the DEGF initiative would have to be wound down in 2015/16 and the DEGF Investment Panel not be able to make any further awards. The fund would then re-open for new projects in April 2016.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu – Head of Legal Services Martyn Marples – Director of Finance and Procurement Richard Williams – Director of Regeneration Alan Smith – Head of Economic Regeneration
For more information contact: Background papers: List of appendices:	Emma Dann 01332 643047 emma.dann@derby.gov.uk None Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 The Department for Business, Innovation and Skills (BIS, the RGF funding body) advised in February that the national RGF spend deadline would be extended from June 2015 to 31 March 2016. This change in timeline requires Cabinet to consider changes to the currently approved RGF programme.
- 1.2 The accompanying confidential report sets out the proposed changes to the Councils capital programme to enable the continuation of DEGF as a revolving fund to support job creation through business growth until at least March 2020.

Legal

- 2.1 As set out in the confidential report.

Personnel

- 3.1 None arising from this report.

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- 4.1 None arising from this report.

Equalities Impact

- 5.1 Links have been made between the new jobs created as a result of the RGF Programme and the Council's Employment and Skills project to ensure employment opportunities for disadvantaged communities are maximised.

Health and Safety

- 6.1 None arising from this report.

Environmental Sustainability

- 7.1 None arising from this report.

Property and Asset Management

- 8.1 The RGF Programme has provided opportunities for the Council to add value to the Regeneration Capital Programme and led to Infinity Park Derby and the Innovation Centre. The Estates Team are involved in the delivery of these individual projects.

Risk Management

- 9.1 Risk management is an integral part of the RGF Programme Management. Programme risks are assessed quarterly and reported as part of the RGF monitoring reporting to BIS and the RGF Programme Board. Individual projects within the Programme maintain comprehensive risk registers which are regularly reviewed.

Corporate objectives and priorities for change

- 10.1 This Programme will contribute towards creating for the people of Derby:
- An inspiring start in life by improving educational attainment.
 - An inspiring working life by improving skills and creating jobs.
 - An inspiring place to live by improving inner city areas.