



DERBY CITY COUNCIL

COUNCIL CABINET
19 OCTOBER 2004

Report of the Director of Development and Cultural Services

A City Growth Strategy for Derby

RECOMMENDATION

- 1.1 Cabinet is asked to note the approval of our recent submission for funding for the preparation of a City Growth Strategy for Derby.
- 1.2 The project must be completed by 31 March 2006; hence, after discussion with funding partners, it is recommended that a consultancy be engaged for this task, with Rudi Lowry and Associates identified as an appropriate appointment. This will require the Council to waive Contract Procedures 15.7 and 15.9.
- 1.3 Cabinet is recommended to ask Council to nominate a Member to join the City Growth Strategy Steering Group.

SUPPORTING INFORMATION

- 2.1 City Growth Strategies are an initiative launched in 2002, by the Chancellor of the Exchequer, through the Small Business Service (SBS), and funded through the Phoenix Fund. The focus of a City Growth Strategy (CGS) is to be a business/private sector led, market driven approach to identify and build on the capacity of identified sectors in the local economy to produce growth among small and medium enterprises (SMEs) and thence to enhance the whole of the local economy. Following a successful pilot round, a further round has been initiated under which Derby and Leicester have bid successfully to be among the ten UK inner city areas to receive funding for preparation of a City Growth Strategy
- 2.2 The SBS pilot round of CGS included Nottingham. The lessons of the pilot are applied in the current round, so we were advised in detail how much funding we should request and for what purposes. The use of the funds and the outputs to be achieved by the project are described in paragraphs 2.5 to 2.7 below.
- 2.3 A submission was made under the Derby City Partnership banner, in conjunction with the Derby and Derbyshire Economic Partnership (DDEP), via emda to the Small Business Service in January 2004. We were notified in late April that we had been successful in bidding for £250,000 of Phoenix fund to be partly matched by a further £85,000 of DDEP funding. Hence the whole exercise is externally funded.

- 2.4 The production of CGS in this round must be achieved between 1 April 2004 and 31 March 2006. A contract for this has recently been received from DDEP, incorporating the funding offers from DDEP and the Phoenix fund, and thus totalling £335,000. Through the use of consultants, Officers were able to commence work on the preparatory stages of the CGS in anticipation of receipt of the contract. Note that all expenditure from 1 April 2004 can be claimed retrospectively. In particular, a CGS Steering Group has been established, primarily with private sector representatives from the key sectors identified in our bid. The group is advised by officers from relevant partnership organisations. The full list is attached at Appendix 2.
- 2.5 The key sectors identified in the Derby bid are high value engineering, print/media/ITC, construction, retail, and tourism.

CGS is under-pinned nationally by the following:

- the lessons from the pilots, particularly on the levels of funding needed to complete the research and the engagement of partners
- detailed benchmarking analysis across the 10 CGS cities on their socio-economic characteristics, their availability of suitable premises and sites for the key sectors, their potential for related inward investment, and an analysis of the identified key sectors.

The Derby CGS funding pays for the following elements in Derby:

- detailed local research to fill the gaps identified in our information after the Steering Group has considered the national benchmarking analyses
 - the costs of engaging local SMEs and other partners in the exercise, and the costs of running the Steering Group
 - a consultancy team of three people employed for two years – a lead consultant, an administrator, and a partnership and strategy officer; the function of this third post will include a large element of work with the newly established DCP Marketing Team, which Cabinet has previously supported, and will ensure that the CGS strategy and other strategies (including Marketing and the Community Strategy) tie-in.
- 2.6 Because Nottingham and Leicester have received CGS funds, our CGS work will tie-in with that of the 3 cities' City Catalyst Group of Leaders and Chief Executives. This will include detailed input into the current Town net project. At the request of the Derby City Partnership Strategy Co-ordination Group, the CGS Steering Group will also taken a lead role in dealing with the vocational training and education needs of the local economy, as these needs are likely to be most greatly felt in the CGS growth sectors. An immediate start has been made with Westfield in regard to construction and retail.

- 2.7 The CGS research, nationally and locally, will be at a much greater level of detail than we have been able to do previously. The outputs from this research will be realised during and after this strategy preparation process. During the process, the research will feed into the Community Strategy and the DCP Marketing Strategy. They will feed up to the DDEP and emda strategies at sub-regional and regional levels respectively. They will also feed our work on future external bid preparation. Once the CGS Strategy is produced, in March 2006, it will be a key determinant of the Council and partners' regeneration activities. It will also underpin our future representational and bidding activities. The information we obtain will ensure that we invest in regeneration activities in ways that enable us to get best value. Finally, the engagement of key private sector partners is significant. The evidence from the pilot round of CGS was that the private sector representatives wanted to stay involved in seeing the strategy used and implemented.
- 2.8 The CGS must be run in parallel with the work of the Derby City Partnership Prosperous City Executive and tie-in with the Community Strategy Officers recommend that the CGS Steering Group and the Prosperous City Executive of DCP work in parallel in the early stages of CGS, but should look to be merged at an appropriate time so as to ensure that the CGS and our other strategic work are 'joined up', and that we avoid unnecessary duplication.
- 2.9 In discussion with the SBS, emda and DDEP, officers have identified that the most appropriate means of running the CGS project is to appoint a consultancy, to provide a lead consultant and two further members of the CGS Team. The lead consultant should be a proven business person with private sector experience, credibility to the private sector CGS Steering Group members, and preferably a knowledge of the local economy and markets. In conjunction with DDEP, emda and the SBS, officers have identified Rudi Lowry and Associates as an appropriate consultancy, and contract terms have been discussed and agreed with them that accord with the guidelines for the CGS. Mr Lowry has commenced work already, to ensure that we keep to the prescribed timetable, but this service is only available to us for a limited time and to a limited budget, so we now request Cabinet approval to this appointment for the remainder of the CGS period.

For more information contact:	Richard Williams Tel: 716370 e-mail: Richard.Williams@derby.gov.uk
Background papers:	None or list
List of appendices:	Appendix 1 – Implications Appendix 2 - City Growth Strategy Steering Group and Advisors

IMPLICATIONS**Financial**

- 1.1 The project is funded entirely through external sources: £250,000 from the Treasury's Phoenix Fund, and £85,000 from Derby and Derbyshire Economic Partnership. Both are the subject of funding agreements with the Council.
- 1.2 The Strategy and Partnership Officer post is used in the funding package for Derby Marketing, as match funding against other external funds
- 1.3 The appointment of Rudi Lowry and Associates will need the Council to waive Contract Procedures 15.7 (relating to contracts exceeding £50,000) and 15.9 (relating to the requirement for four tenders for such contacts).

Legal

- 2.1 Section 33 Local Government and Housing Act 1989 gives the Council power to take steps to promote the economic development of its area.

Personnel

- 3.1 There are none arising directly from this project. The appointed consultant will employ the three-person project team.

Equalities impact

- 4.1 The City Growth Strategy will be a major determinant of the Council's activities to stimulate economic growth through SME development in key sectors, with particular emphasis on inner city and deprived communities; hence new job opportunities should result in the Council's priority neighbourhoods.

Corporate objectives and priorities for change

- 5.1 The proposal comes under the Council's Objectives of job opportunities in the local economy.
- 5.2 The proposal furthers the priority of promoting the city as a major force for industry, commerce, culture and tourism.

City Growth Derby Steering Group – members and advisors

Name	Business
Russell Rigby	Innes England
Sharon Forton	Derbyshire Chamber
David Wright	Derby and Derbyshire Economic Partnership
Dawn Lockett	Katapult Studios
Graham Bennett	The Walbrook Group
Richard Williams	Derby City Council
James Bell	Egg
Paul.McCormick	GCA(UK) Ltd.
John Cadwallader	Derby Cityscape Ltd.
Prof . Mary Carswell	University of Derby
Phil Gurney	Larder
Steve Slater	Time 24 Ltd
David Williams	Edwards Geldard
Ian Ferguson	Derby Chamber of Trade
Fiona Galli	SBS/GOEM
Halina Davies	EMDA
Lydia Brennan	PwC
Rudi Lowry	City Growth Derby

