



Report sponsor: Strategic Director of  
Communities and Place  
Report author: Derby Enterprise Growth Fund  
Manager

## **Derby Enterprise Growth Fund (DEGF)**

### **Purpose**

- 1.1 DEGF Panel have recommended the award of a grant of £0.300m from the DEGF capital budget to an applicant company. Given the value of the proposed Grant this is subject to Cabinet Member approval and satisfactory due diligence.
- 1.2 Revised Terms of Reference for the Derby Enterprise Growth Fund (DEGF) Panel were approved by Cabinet on 12 September 2018 (Council minutes ref 60/18). As a result of this revision, DEGF Panel recommendations with a value above £0.250m require formal ratification by the relevant delegated authority within the Council before the Agreement can be executed by the Council.

### **Recommendations**

- 2.1 To approve, in principle, a grant of £0.300m from the DEGF capital budget, subject to the confirmation of a satisfactory due diligence outcome and subsidy control position.
- 2.2 Subject to receipt of a satisfactory due diligence report and subsidy control compliance, to delegate authority to agree terms for and award the grant to the Strategic Director of Communities and Place in consultation with the Cabinet Member for Regeneration, Decarbonisation, Strategic Planning and Transport.
- 2.3 Subject to recommendation 2.1 and 2.2 above, to add the £0.300m onto the capital programme for 2022/23 to be funded from the £0.476m balance of recycled DEGF capital receipts available

### **Reasons**

- 3.1 To comply with Financial Procedure Rules
- 3.2 To comply with DEGF Panel Terms of Reference
- 3.3 To support projects as recommended by the Investment Panel

### **Supporting information**

- 4.1 The company is in the medical sector.

- 4.2 The company was bought out in November 2020 by a Global healthcare company (who is now 100% shareholder).
- 4.3 The company wish to establish a UK headquarters for their Parent, by consolidating other existing entities into one location. Within the Derby City boundary, preferred new premises have been identified near Pride Park, Derby.
- 4.4 It became quite clear to all parties that they would very quickly outgrow their current facility. In addition to the anticipated organic growth, the opportunity to transfer currently outsourced production became a reality. It also became apparent that there was an additional opportunity to create one central UK Head Office.
- 4.5 The creation of a Global Centre of Excellence within Derby will enable the company to develop new intellectual property and manufacture a wider range of products all around the world.
- 4.6 The project will enable them to significantly increase their production capacity, thereby securing jobs for the long term and increasing employment in order to support this move.
- 4.7 The total project costs are estimated at £2.51m, of which the company are proposing to invest £2.21m via other private sector match funding. The project costs comprise of fit out costs, machinery and warehouse vehicles.
- 4.8 An application for DEGF grant funding was submitted for the balance by way of a £0.300m grant. If approved, the grant will undergo due diligence and the risk will be assessed by the independent due diligence report before a grant agreement is issued.
- 4.9 The project will be contracted to create 28 full time jobs which will be used to support the delivery of the DEGF programme outputs. Due diligence recommendations will be covered during the contracting and claims process.
- 4.10 This is a great diversification opportunity for Derby as it is not a typical sector the City is associated with. There are significant growth projections based on a combination of reshoring into UK and market growth, and, by creating a single centre of excellence in Derby, it will create high quality job opportunities.

## **Public/stakeholder engagement**

- 5.1 This application has been reviewed and recommended for support by the Derby Enterprise Growth Fund Investment Panel on Monday 21<sup>st</sup> February 2022.

## **Other options**

- 6.1 Do nothing and record the loss of prospective jobs to the City as referred to above.

## Financial and value for money issues

- 7.1 The grant will be a capital grant from recycled DEGF capital receipts. The balance of DEGF capital receipts as at January 2022 is £1.601m, of which £0.691m is ringfenced for the approved Growth and Innovation Programme (GIP 2 and GIP 3) and £0.434m is already included on the approved capital programme for other grant applications, leaving £0.476m available to allocate.
- 7.2 Cabinet approval will also be required to add the £0.300m onto the capital programme for 2022/23 to be funded from the £0.476m balance of recycled DEGF capital receipts available.

## Legal implications

- 8.1 The due diligence exercise will clarify whether or not the award will be suitably protected and compliant with the scheme rules and subsidy control requirements. If this is not the case then additional legal advice will be sought to ensure the grant award can be made compliant.

## Climate implications

- 9.1 The parent company have published and stated intent to be a carbon neutral entity by 2025. Remaining in Derby is the preferred option, as so many of the current workforce live within the area. In addition, the new facility offers carbon neutral construction and a high priority on environmental features, such as solar panels and electric charging points as standard.

## Other significant implications

- 10.1 n/a

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	15/3/22
Finance	Toni Nash	16/3/22
Service Director(s)	David Fletcher	16/3/22
Report sponsor	Rachel North	
Other(s)		

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<b>Background papers:</b> <b>List of appendices:</b>
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