

**North East Derbyshire District Council**

**Cabinet**

**11 January 2017**

**Interim Evaluation of NED Business Growth Fund**

**Report of Councillor P R Kerry, Portfolio Holder with Responsibility for Economy,  
Finance and Regeneration**

This report is public

**Purpose of the Report**

- To present the Interim Evaluation of the North East Derbyshire Business Growth Fund
- To recommend an extension of the current programme until 31<sup>st</sup> March 2019.

**1 Report Details**

- 1.1 In March 2015 Cabinet approved the establishment of the North East Derbyshire Business Growth Fund (BGF), a £40,000 grant scheme funded from the Invest to Save Budget, piloted over 24 months in areas not eligible for BNED LEADER support (Clay Cross, Dronfield and Tupton). This would complement the delivery of the Growth Strategy for Bolsover and North East Derbyshire, particularly the priority of “Supporting Enterprise: maintaining and growing the business base.”
- 1.2 It was originally envisaged that the BGF would be evaluated at the end of the 24 month pilot period. However following reflection of the outcomes achieved to date, it was determined at the Cabinet meeting held on 28<sup>th</sup> September 2016 that the pilot evaluation should be brought forward to a suitable time to be able to inform 2017/18 budget setting considerations, should there be a will to extend the programme. As such, this report has been produced for consideration at the January 2017 Cabinet meeting, to inform the budgeting timescales.
- 1.3 Due to economies of scale and the timescale identified, it was appropriate to undertake the interim BGF evaluation in-house through the Partnerships Team. The methodology focused on the rationale, priorities, promotion, management and processes, objectives and outcomes and applicant perceptions of the BGF, to inform options for the future and any recommendations. In order to achieve this the following work was undertaken:
  - Desk-based assessment of the outputs and outcomes achieved to date;
  - Engaging with the EDU and Partnerships Team to determine their perceptions of the processes undertaken and outcomes delivered;

- Engaging with applicants to the scheme, including both successful and unsuccessful businesses to determine their perceptions of the processes, their value of the programme and any case studies for delivered activity.

1.4 The Interim Evaluation of the Pilot North East Derbyshire Business Growth Fund can be found at Appendix 1. The headline outcomes, correct at 6<sup>th</sup> December 2016, are identified in the table below:

	Total	Clay Cross	Dronfield	Tupton
<b>Enquiries</b>				
Enquiries Received (2 further enquiries from ineligible areas are considering LEADER bids)	37	18	16	1
<b>Expressions of Interest (EOIs)</b>				
Expressions of Interest Received	19	8	10	1
Expressions of Interest Endorsed (invited to full application)	17	7	9	1
Expressions of Interest Withdrawn by Applicant	3	1	2	0
Expressions of Interest Rejected	2	1	1	0
Total Funding Endorsed for EOIs currently developing applications	£16,000	£4,000	£12,000	£0
Total Forecast Job Outputs for Endorsed EOIs currently developing applications	8.5	2	6.5	0
Total Estimated Match Funding for Endorsed EOIs currently developing applications	£10,190	£2,250	£7,940	£0
<b>Full Applications (FAs)</b>				
Full Applications Received	7	3	3	1
Full Applications Approved ( <i>not all at the funding level requested</i> )	5	3	2	0
Full Applications Rejected	1	0	1	0
Full Applications Withdrawn	1	0	0	1
Total Funding Approved	£15,858	£8,800	£7,058	£0
Contracted Match Funding	£15,741.85	£7,995.85	£7,746	£0
% Match Funding delivered (against a 10% minimum expectation)	49.82%	47.61%	52.32%	-
Total Contracted Job Outputs for Approved Full Applications	7.4	2.4	5	0
Job Outputs Achieved to date for Approved Full Applications	3	0	3	0

1.5 Although the response rate from businesses consulted was low, their general feeling was that the BGF was a positive opportunity afforded by the Council to facilitate business growth within the District. EDU experience recognises that due to current LEP funding still focusing on larger grants there remains a local need for lower level funding for business support, particularly in non-LEADER areas. Whilst some business disliked the effort and paperwork required to access a grant, this

balanced with the Council's duty to protect the use of public money (the BGF is significantly simplified compared to the BNED LEADER and many other business grant processes).

- 1.6 The BGF has to date experienced very good value for money in terms of job creation, with approved applicants collectively contracted to deliver 7.4 Full Time Equivalent (FTE) jobs for the total £15,858 grant expenditure, a unit cost of £2,143 per job. This is significantly higher value for money than the £25,000 per job rate used by the LEPs and shows the value of lower limit business funding schemes.
- 1.7 Additionally, the contracted match funding rate is, at 49.82% of overall costs, significantly higher than the 10% minimum expected in the funding guidelines. This shows the business commitment to invest in their operations and grow within the District should a level of seed-corn funding be available.
- 1.8 It is recognised that the BGF is unlikely to meet initial objectives of raising Business Rate income however, due to the smaller nature of the businesses supported who can often be exempt. Any income generated is likely to be extremely modest (below £1,000 pa) and is effectively a secondary outcome benefit to the Council's investment to business growth, along with securing tenancies at NEDDC-owned premises etc. Recognising the benefits of such secondary outcomes to the Council and wider community will be important within the remaining lifetime of the BGF.
- 1.9 The flexibility of the fund has allowed it to evolve to ensure that the Council and local area will benefit from the grants provided, streamlining the bidding process to make it both easier for businesses to apply and for NEDDC to manage. The priorities are felt to be generally appropriate and the flexible management of the fund allows for refocusing on activity as experience and circumstance directs.
- 1.10 The Key Account Management approach of the EDU has worked effectively to identify businesses with growth opportunities and this has strengthened using support systems such as the MINT online business database. Whilst not within the remit of this interim evaluation, it was noted that additional resources within EDU to provide this engagement and work to identify suitable privately owned sites for development to encourage inward investors would add significant value to the delivery of Growth Strategy priorities.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 There are already some pleasing outcomes with regard to job creation and high match funding investment from the businesses supported. The BGF clearly fills the niche of providing lower level funding for business support, particularly in non-LEADER areas, which is not currently provided by LEP funding.
- 2.2 After 13 months of operation the BGF has now either contracted or endorsed applications to 79.6% of the £40,000 budget. Based upon the current rate of applications, it is likely that the BGF will have allocated all funds with significant time still to officially run. Because of the ongoing interest from local businesses an extension would allow the levering of further benefits into the District.

- 2.3 Extending the scheme to the end of March 2019 would align it with the financial year end and the expected revised closure date of the BNED LEADER programme (which is likely to be affected by Brexit). This ensures that the Council offers equitable grant support accessible to small businesses across the District and is seen to champion Business Growth across all North East Derbyshire communities.
- 2.4 Although demand is reasonably high, it is felt that the same level of funding, at £20,000 per annum/pro rata would be an appropriate budget to deliver the BGF (this would be £26,500 if extended to March 2019).

### **3 Consultation and Equality Impact**

- 3.1 The EDU regularly engages with businesses across the District to identify their needs, aspirations and any barriers to their growth. The Partnerships Team has similar experience in its role through delivering the BNED LEADER Approach. The Teams meet regularly to discuss the progress and outcomes of the BGF and any issues arising through engagement with projects and applicants; the methodology used to deliver the Fund is informed by this engagement and experience. Applicants have also been consulted to provide strengths and development opportunities for the BGF, to help inform the evaluation outcomes
- 3.2 A grant fund providing support to businesses in areas ineligible for BNED LEADER funding ensures equitable access to grant support across the District.
- 3.3 An Equalities Impact Assessment was undertaken prior to the launch of the fund.

### **4 Alternative Options and Reasons for Rejection**

- 4.1 Closing the BGF in line with the original timescale, or sooner if funds are spent, would still mean that the scheme produces some good outputs. However, this reduces the District-wide provision of business grants which are more accessible to smaller businesses in the District. Matching the BGF end date with that expected for the BNED LEADER Approach ensures that the Council offers equitable grant support and is seen to champion Business Growth across all local communities.

### **5 Implications**

#### **5.1 Finance and Risk Implications**

- 5.1.1 The Pilot BGF utilised £40,000 ringfenced from the Invest to Save budget. Should the BGF be extended it is suggested that the Fund is again supported by £26,500 through Invest to Save budget, should there be available resources. If this is not available, then supporting it from other savings would need to be pursued. Despite a risk that demand could see the fund allocated well in advance of this date, this operates within the same premise as the BNED LEADER Approach.
- 5.1.2 The robust appraisal and approval processes ensure that only appropriate applications are approved, assessing the nature of the activity, the suitability of the applicant and determining payment schedules. Funding Agreements and monitoring process ensures that expenditure is only made on eligible and expected activities.

## **5.2 Legal Implications including Data Protection**

- 5.2.1 Funding Agreements are established between the Council and successful applicants prior to any funding being paid.
- 5.2.2 Files containing personal and commercial information are securely stored either in locked cabinets (hard copies) or limited access password protected electronic files.

## **5.3 Human Resources Implications**

- 5.3.1 The BGF is managed effectively by the Partnerships Team and EDU, with clear separations of duties within the process to ensure transparency.
- 5.3.2 Other departments have provided invaluable assistance in identifying eligible applicants and activity (particularly Development Management, Environmental Health, Estates and Planning Policy), developing the scheme branding, publicity and process functions (Communications and Marketing, Legal and Accountancy). Delivery would have been more difficult without this professional support.

## **6 Recommendations**

- 6.1 That Cabinet approves the allocation of an additional £26,500 from the Invest to Save Reserve to extend the North East Derbyshire Business Growth Fund by 16 months to March 2019.

## **7 Decision Information**

<b>Is the decision a Key Decision?</b> (A Key Decision is an executive decision which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Affected</b>	Non-BNED LEADER Approach areas
<b>Links to Corporate Plan priorities or Policy Framework</b>	Growth Strategy

**8 Document Information**

Appendix No	Title	
1	Interim Evaluation of the Pilot North East Derbyshire Business Growth Fund	
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)		
NA		
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AGIN 6 (CAB 0111) 2017/NED Growth Fund/AJD