

North East Derbyshire District Council

Cabinet

13 March 2019

Evaluation of NED Business Growth Fund

Report of Councillor G Baxter MBE, Leader of the Council and Portfolio Holder for Corporate Strategy & Transformation

This report is public

Purpose of the Report

- To inform Cabinet of the contribution made to the NEDDC Growth Agenda by the NED Business Growth Fund (BGF) Pilot.
- To consider options for the future of the scheme when the BNED LEADER Programme ends in March 2019.

1 Report Details

- 1.1 The European Funded BNED LEADER Programme will close on 31st March 2019 with no replacement scheme planned at present and the BGF is scheduled to end at the same time. £66,500 has been ring-fenced from the Council's Invest to Save budget to target businesses in areas ineligible for BNED LEADER funding (Clay Cross, Dronfield and Tupton) who can evidence that a grant would enable significant growth, job creation, increased turnover/expansion or other added value. Grants between £500 and £4,000 support a range of capital and revenue activity.
- 1.2 To date 15 successful BGF applications have been awarded a total of £51,079.23 and are contracted to generating £55,489.42 match funding and to deliver 20.65 FTE jobs. Grants totalling £42,881.91 have been paid to date and 15.4 FTE are now in place which is a current unit cost of £2,785 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 funding schemes.
- 1.3 The contracted match funding rate is, at 52.08% of overall costs, significantly higher than the 10% minimum expected in the funding guidelines. This continues to show the business commitment to invest in their operations and grow within the District should a level of seed-corn funding be available.
- 1.4 Only a nominal increase of £3208.78 in NNDR has been generated due to the size of businesses supported, which are typically exempt from Business Rates. Increased turnover totalling £280,098 has been reported by the first three projects that have completed their monitoring period and provided annual accounts, and it is expected that this figure will increase considerably as and when more projects are completed.

2 Conclusions and Reasons for Recommendation

- 2.1 The BGF has been a valuable exercise in helping to determine the value and demand for a smaller grant funding scheme in NED District. It has also given officers the opportunity to set up (based on the LEADER Approach processes) and administer a grants scheme from scratch and to experience the challenges and rewards involved. This has built up skills and confidence within the organisation to undertake future programmes with a greater awareness of what is required to deliver a successful funding scheme.
- 2.2 Whilst it is acknowledged that the NED Business Growth Fund Pilot continues to contribute to delivering Council's Growth Agenda through a funding programme which directly facilitates economic growth and job creation, the level of investment required to sustain or extend the scheme, both in terms of staff resource and capital investment, is considerable. In the current economic climate continuing the scheme is unlikely to be a viable option and therefore closing it on 31st March 2019 as planned would seem pertinent.
- 2.3 Once all contracted grants have been paid, the remaining funds could be returned to the Invest to Save budget for re-allocation to other activities. This would also free up staff time for other duties as, apart from monitoring live projects to completion, there would be no other BGF demands.

3 Consultation and Equality Impact

- 3.1 The Partnerships Team works with other departments to engage with partners, businesses and communities across the District to identify their needs, aspirations and any barriers to economic growth and participation.
- 3.2 Each contributory activity has been assessed in line with standard NEDDC policy. Delivery arrangements are regularly reviewed to ensure targets and outputs are achieved in the most effective way possible.
- 3.3 The Evaluation Report has been circulated to the Economic Development and Growth Manager and Acting Joint Head of Service Economic Development and no additional comments have been made.

4 Alternative Options and Reasons for Rejection

- 4.1 The remaining funds could be opened up to rest of the District from 1st April 2019 until the money is spent however, as the remaining unallocated budget is likely to be under £11,500, a one-off bidding round would be the best approach to ensure the residual funds are allocated quickly and the scheme closed in the most efficient manner enabling staff resources to be diverted to other activities identified. Staff time requirements to process all bids in a single bidding round would be significant.
- 4.2 The scheme could be extended across the District for another financial year, which would require a substantial financial investment by the Council as it would necessitate the additional resource of full time dedicated staff, rather than being incorporated in existing roles as is currently the case, as well as the grant fund itself. Given the financial savings the Council needs to make, this is not seen as a viable option. There is also the possibility that central Government may introduce new funding schemes

that cover the area more comprehensively, such as the proposed Shared Prosperity Fund, and it may be more appropriate to align to these.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 Adherence is maintained to NEDDC's Financial Regulations and Joint Risk Management and Partnerships Strategy.
- 5.1.2 The scheme has not generated the expected increase in NNDR and, whilst other positive outcomes have been achieved, in terms of deadweight, it is likely that the majority of the projects funded would have happened anyway. Although some existing NEDDC tenants have benefited from grants and this may have secured their tenancies, no new ones have been generated as a direct result of the scheme.

5.2 Legal Implications including Data Protection

- 5.2.1 Adherence is maintained to Service Level Agreements and NEDDC's Legal and Data Protection Policies.

5.3 Human Resources Implications

- 5.3.1 Evaluation of workload implications upon the Partnership Team is undertaken in regular individual, team and Service Planning reviews. Engagement with other departments required to assist in delivery is maintained to ensure targets are achieved and to identify other activities and services delivered.
- 5.3.2 The BGF is managed effectively by the Partnerships Team and EDU, with clear separations of duties within the process to ensure transparency. There will be an ongoing need for funded projects to be monitored for the next two financial years to ensure that contractual requirements are met and longer term outcomes are captured. This will be accommodated within existing Partnership Team and EDU officer roles.
- 5.3.3 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 the Evaluation Report is noted.
- 6.2 That the NED BGF closes to new applications on 31 March 2019.
- 6.3 That once it closes, the remaining funds from the BGF scheme be returned to the Invest to Save Reserve.
- 6.4 That further reports be brought back on any future regeneration options.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	Non-BNED LEADER Approach areas / Potentially All, if extended.
<p>Links to Corporate Plan priorities or Policy Framework</p>	See section 1.1

8 Document Information

Appendix No	Title
1	End of Programme Evaluation of the Pilot North East Derbyshire Business Growth Fund February 2019
<p>Background Papers (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)</p>	
<p>Report Author</p>	
<p>Sue Dixon, Partnership Support Officer Sue.dixon@ne-derbyshire.gov.uk Steve Lee, Strategic Partnership Co-ordinator Steve.Lee@ne-derbyshire.gov.uk</p>	
<p>Contact Number</p>	
<p>01245 21(7606) 01245 21(7512)</p>	



**End of Programme Evaluation
of the
Pilot North East Derbyshire
Business Growth Fund**

February 2019

Produced by NEDDC Partnerships Team

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1. Introduction

The North East Derbyshire Business Growth Fund (BGF) was launched on 16th November 2015 to address the funding gap in areas not eligible for BNED LEADER support (Clay Cross, Dronfield and Tupton). The £66,500 grant scheme, funded from the Invest to Save Budget, is a pilot which targets businesses who can evidence that a grant would enable significant growth, job creation, increased turnover/expansion or other added value and which do not conflict with the Council's Values as detailed in the Corporate Plan 2015-2019.

Grants of between £500 and £4,000 can support a range of capital and revenue activity such as extending and improving premises, websites and signage, business start-up costs and equipment, ICT and machinery. The scheme will operate until March 2019 to coincide with the end of the BNED LEADER Programme (which was shortened from December 2020 due to the expected UK withdrawal from the EU).

This evaluation has been produced to report on the impact of the BGF over its 3 years of operation and follows on from the Interim Evaluation carried out in November 2016, which resulted in the Cabinet Approval to extend the fund from a £40,000 one year pilot programme to one which ended at the same time as BNED LEADER and increased its available budget pro-rata, to £66,500. A final evaluation will be undertaken in 2020 to assess the longer term outcomes.

2. Original Rationale for the NED Business Growth Fund

Past: Inception of the BGF, 2015

The amendments to DEFRA's rural classifications resulted in Clay Cross and Tupton businesses no longer being eligible to access 2014-2020 Bolsover North East Derbyshire (BNED) LEADER Approach funding, and Dronfield, where many NED businesses are located, remained outside the scope for the programme.

Economic Development Unit (EDU) experience had identified that the minimum £4,000 intervention threshold required by Local Enterprise Partnerships' (LEP) loans and grants is too high for the vast majority of NED businesses, approximately 90% of which are micro businesses employing fewer than 10 people. For example, when the BGF was developed, the Sheffield City Region Regional Growth Fund (RGF) 'Unlocking Business Investment' programme provided grants of between £25,000 to £2,000,000 with an average intervention rate of 20%, whilst the D2N2 RGF Global Derbyshire Small Business Support offered grants of between £4,000 and £75,000 to SMEs with an intervention rate of 30%; these levels are far beyond the scope of the needs and funding capability of many North East Derbyshire businesses seeking to develop and there has been little change to this position into 2018/19.

In order to support the delivery of the 2014 Bolsover and North East Derbyshire Growth Strategy, it was therefore felt that piloting a scheme which offered business grants of

between £500 and £4,000 in non-LEADER areas would help address geographical inequity and ensure that all businesses within North East Derbyshire could potentially access funding to assist with their business growth.

Taking such an approach is not unique. Seven (including NEDDC) out of fifteen District Councils across the D2N2 (Derbyshire and Nottinghamshire) LEP area have Council-led business support funds using their own finances and staffing resources to administer the schemes, although they each have differing criteria and funding limits as determined by their local circumstances (i.e. financial availability and business need).

These are:

- Ashfield and Mansfield (operating jointly): Apprenticeship Grant for Employers (up to £1,500) Business Growth grant (up to £2500), Business Start-Up grant (up to £1,000), Shop Front Improvements Grant (up to £2,500), Vacant Shops Grant (up to £2,500);
- Bassetlaw: Bassetlaw Enterprise Grant grants up to £2,000 for new starts;
- Bolsover: Business Growth Fund grants (between £1,000 and £10,000)
- Broxtowe: Business Start-up Grants (up to £1,000)
- Rushcliffe: Shop Front Improvement Grant (up to £5,000)

To varying extents, certain rural communities of Ashfield, Mansfield, Bassetlaw, Bolsover and Rushcliffe are also eligible for their local LEADER programmes and only NEDDC seems to differentiate in its eligibility criteria in terms of BGF being for non-LEADER areas only (Bolsover DC originally had the same approach as NEDDC but opened their BGF eligibility to across the district in late 2017).

Present: 2015 to March 2019

As will be in section 6 below, many of the outcomes of the BGF have been relatively successful for the modest funds available. The key benefit of the fund has been to enable full coverage of grant support across the District during the lifetime of the LEADER programme (which will stop considering applications at the end of March 2019), reducing disappointment from those geographically ineligible for LEADER support. Whilst the scale of the funds is not comparable (up to €200,000 for LEADER and up to £4,000 for BGF), and therefore the nature of the projects very different, the BGF does maintain an excellent job creation and cost per job level, although section 6 also considers this against additionality of what may have happened anyway.

Future: After April 2019

a) Future: The National View

The future of local grant schemes is currently unclear. In recognition of the United Kingdom's expected withdrawal from the European Union, the Local Government Association produced "*Beyond Brexit: future of funding currently sourced from the EU.*" The paper considered the Government's response to how sustainable, inclusive economic growth could be delivered across the country after EU programmes ended: these were key (or the only) elements of many regeneration funding schemes operating in localities, some of which have already been cut short in terms of accepting new applications, such as the BNED LEADER Programme which was originally to December 2020 and is now to March 2019.

Beyond Brexit highlights the approach being taken by the UK Government in terms of developing the post-Brexit UK Shared Prosperity Fund (SPF), which is being specifically designed to reduce inequalities between communities and deliver sustainable, inclusive growth. At the time of writing the Department for Business, Energy & Industrial Strategy is

consulting with stakeholders on how the SPF will be best administered, with likely responsibilities to be devolved to the LEPs, although little more detail has been shared and the launch date is as yet unknown.

Feedback from a LEADER perspective was collated at the 23rd November 2018 regional meeting hosted by the Rural Payments Agency, which recognised the need for modest level grants awarded locally by those who know their area. Otherwise there was a risk that centralised LEP administration may favour city-focused schemes to the detriment of rural/semi-rural areas such as North East Derbyshire. Some areas were concerned that the SPF would have a more traditional economic development objectives (job creation, economic growth, skills development) akin to the historic Single Regeneration Budget approach, as opposed to some “softer” LEADER priorities including heritage, culture and rural services. However, due to the economic environment of the Districts covered, the BNED LEADER Approach’s priorities have more in common with the traditional objectives and this is therefore less of a concern.

Until the geographical coverage, priorities, delivery approach and funding thresholds (i.e. minimum/maximum bids and overall budget) of the SPF are confirmed it is unclear whether the NED BGF would duplicate some of the focus of the new national scheme.

b) Future: The Local View

Primarily established to generate business growth in non-LEADER areas, consideration will be required on whether to continue with the BGF if BNED LEADER ceases considering applications at the end of March 2019 as expected, due to Brexit. Options on how the BGF could continue are presented in section 8 below, which are made in the context of local demand, available resources (both financial and staffing), political priorities and alternative provision (such as the SPF above).

3. Priorities

With a particular focus on delivering the Growth Strategy priority of “*Supporting Enterprise: maintaining and growing the business base,*” key drivers for the BGF were:

- **the creation of jobs and apprenticeship opportunities**, the rationale being that increased employment supports more economically sustainable households and communities who are less likely to experience pressures such as financial exclusion. Links with existing schemes such as Ambition, Talent Match and the Working Communities programme have helped to support local people into these employment opportunities where practicable.
- **the increase of Business Rates (National Non-Domestic Rates, NNDR)** in businesses which the Council is confident would achieve growth. The rationale is that increased council powers to retain Business Rates provide an opportunity to increase flexible budgets which can be utilised to retain and develop local jobs and services. The BGF aimed to generate Business Rates proportionate to those created by the BNED LEADER Approach 2007-2013: annual gain 3.19% of grant (£35,269 NNDR generated from 9 businesses granted a total of £1,107,289).

Although similar to LEADER, the Council was not tied to the LEADER priorities and included its own priority bidding themes (e.g. training), whilst retaining the right to re-focus the priorities should it so wish, following consideration and recommendation between the Partnerships Team and EDU.

The BGF supported a broad range of activity, including:

- Extending and Improving Premises (e.g. Brighter Business)
- Financial Packages (e.g. Website, Advertising, Artwork)
- Business Start-up Costs
- Business Growth Items (e.g. Equipment [including ICT], Machinery)

Ineligible expenditure included items which would not create a direct growth output or stock, which is generally ineligible for most business grant schemes:

- feasibility studies
- planning application costs/consultants fees
- stock and other consumables

Operationally the fund also had the following parameters:

- Operate in Non-BNED LEADER Areas in NED District
- Support both Capital and Revenue Grants
- Provide a maximum grant of £4,000 / a minimum grant of £500
- Expect at least 10% match funding from the businesses to show their own commitment to their project.

The clear focus of the grant was on businesses which the Council is confident will achieve growth. Businesses requesting funding to address decreases in trade were not eligible as it was unlikely that the modest investment from funding would enable a long term change to their decline; such businesses were signposted to business support services to look at how they operate, primarily the Sheffield City Region or D2N2 Growth Hubs. Of the 65 applications received, 11 EOIs and 4 FAs were not endorsed due to the concerns about likely lack of growth from the information provided.

Recognition was also given to the wider benefits to the community and the Council, such as helping BGF recipients to become rooted within the district and grow as a local employer and part of the local supply chain network, helping to sustain other businesses within the community. This was especially a benefit where the business was a tenant in a Council owned-property as the grant encouraged the company to stay in the area whilst generating rental income on an annual basis for the Authority. This has proved to be the case with four successful applicants, who are more recent tenants at Coney Green Business Centre.

Monitoring the impact of grant schemes can be difficult, particularly due to the long-term nature of changes to supported businesses. Therefore, as well as jobs and business rates, the business turnover for two financial years and any other outcomes (such as business awards) and case studies are recorded.

In general the priorities were appropriate, with the flexibility of the fund allowing for the Council to be accommodating of projects which are felt to add value to the area. Shared experience between the Partnerships Team and EDU did note the following issues however in their 13th July and 18th November 2016 Review Meetings and amendments made where appropriate:

- Because of the increasing number of free website development resources available to businesses it was agreed to limit website grants to £500 although bids to develop added functionality (such as customer relationship management or sales-to-stock management capabilities) were still eligible to apply for a maximum of £4,000 as such

additions developed the capabilities of the business in a more defined way. Latterly, website bids were also signposted to the D2N2 Digital Growth Programme for additional support and guidance.

- Home-based business start-up enquiries which did not initially generate Business Rates, employment opportunities or significant turnover or have a track record assessable through their audited accounts were asked to provide a business plan to help evidence the business proposals likelihood of generating significant longer-term growth. This became mandatory for any start-up business applicants and upon request for any existing business whose Expression of Interest (EOI) raised significant queries. In addition, start-up businesses were signposted to the national Business Support Helpline, GOV.UK Business Plan development site and Growth Hub advisors.
- Due to other support available (such as Talent Match and Ambition) and nil demand from applications in the first year of operation, it was agreed to remove the priority of employing an apprentice.

4. Publicity and Promotion

The BGF pilot was launched in parallel with the BNED LEADER Approach 2014-2020 to maximise publicity of funding programmes covering the whole district and will operate until March 2019. The original timescale was to operate between June 2015 and June 2017 but due to significant delays with the national launch of the LEADER programme it was felt inappropriate to launch the BGF in advance of this.

It was initially intended to utilise the BNED LEADER application process. However, once this was publicised it was clear that the process was too complex for BGF therefore a new procedure was developed based on the principles of the 2007-2013 LEADER Approach, keeping processes as simple as possible whilst retaining the best practice principles to manage the scheme.

Due to the modest sum of funding available, the BGF was primarily promoted through contact with the EDU in order to manage demand and avoid raising expectation with local businesses. The EDU were also best placed to identify the potential within a business to grow and therefore identify early the suitability of arising project ideas.

To ensure transparency and equity of access to all businesses the BGF is also publicised in the "Business" section of the NEDDC website and was promoted after its launch in the winter 2015 and summer 2018 editions of NED's The News, and issue 3 of Business News and Events May 18 featured a BGF project. The Partnerships Team budget covered the £9.17 cost of producing 300 leaflets for EDU, LEP and other businesses advisors to pass to any potential applicant. In addition, the scheme has been promoted at the Business Network meetings arranged by EDU, and by BNED LEADER officers signposting suitable potential projects to the scheme when receiving enquiries from NED businesses in non-LEADER areas.

Due to a lower enquiry rate than initially envisaged, in 2017/18 a leaflet produced in collaboration with the BNED LEADER Team and Bolsover District Council was issued to every business rates billing recipient across the two districts (which is also sent to those exempt from paying), so that they were aware of the opportunities available. Taking the otherwise blank space on the LEADER leaflet enabled this promotion to be undertaken at no cost to the Council.

The benefits of targeted engagement through EDU's Key Account Management (KAM) and one-to-one meetings are more apparent, as applications are developed built upon an existing working relationship, whilst the officers dealing with the speculative applications generally have to provide a greater level of support, guidance and analysis to the business' proposal to assess whether they should be advised to progress with a BGF application.

The BNED LEADER Programme received 14 enquiries from NED businesses in non-LEADER areas which were therefore eligible for BGF. Surprisingly, only two of these businesses followed up the referral to contact the BGF, with one withdrawing from the process and the other successfully accessing a grant for equipment which facilitated job creation. However, a further 46 BGF Expressions of Interest were received, showing that the other publicity methods have been the major driver of attracting interest from potential applicants.

5. Management of Programme

The BGF programme was managed jointly by NEDDC's Partnerships Team and Economic Development Unit, with a division of responsibility identified in **Appendix 1**.

In general terms the EDU acted as "front of house," providing the first contact gateway to discuss the project idea with the applicant and to establish the nature and eligibility, visiting approved projects on monitoring visits and ongoing contact; whilst the Partnerships Team acted as "stage managers," ensuring the process is delivered within the parameters of the programme and its priorities, overseeing the contracting, endorsement, approval and internal reporting.

The two teams met, both informally and in Review Meetings, to discuss progress, outcomes and any issues arising through engagement with projects and applicants. This provided flexibility in the approach, allowing for tweaks to the guidance notes and application forms, development of any stages within the process as well as considering whether any of the priorities should be refocused based upon experiences to date (this was actioned through delegated authority).

As noted in the 2016 Interim Evaluation, the Partnerships Team and EDU believed the size of the funding pot and priorities to be appropriate and the investment of the Council's core funding into the grants was justified in terms of local jobs growth, even if this did not directly benefit the Authority.

In general the working relationship between the teams has been very positive and cohesive, with little fundamental disagreement regarding the overall approach. There have been some minor funding reductions and condition changes at the Approval stage and to date generally consistent with the Appraisal recommendations being supported. So far two appeals have been received, with unanimous agreement that the rejected applications were unsuitable for BGF support.

Any arising disagreements have related to the subjectivity of an applicant's eligibility to the BGF in terms of impact against the fund objectives. Reasons for not endorsing projects usually relate to low perceptions of growth outcomes or concerns arising from information provided by the applicant (e.g. conflict with planning regulations).

As with many schemes, despite being endorsed, Full Applications are not always submitted, with time constraints and paperwork given as key examples. There is clearly a need to maintain consistency between the officers in terms of the “message” provided to applicants in order to avoid external challenge. Balance is required between:

a) not causing undue work and effort for the applicant completing a full application which seems very unlikely to achieve any significant growth outcome/work for the two teams in processing, appraising and approval panel assessment of the application

and b) allowing the applicant the opportunity to provide detail in a Full Application in order to best present their business proposal against the BGF priorities.

Additionally, there has been welcome support provided by other departments within the Authority in terms of establishing and managing the fund, without which the delivery may have been difficult. It is recognised that some of this support can be of a detailed technical nature and it should be noted that all departments have responded swiftly and professionally when their help has been sought.

Departments and the type of support provided are:

- **Accountancy** – financial profiling; timely payment of grants
- **Communications and Marketing** – BGF logo/leaflet design; NED News, and Business News and Events publicity
- **Development Management** – advice on noise restrictions and change of use
- **Environmental Health** – technical advice on project proposals with potential working environment impact; signposting businesses with proposals to the BGF
- **Estates** – advice regarding leases of tenant applicants
- **Legal** – producing the Grant Agreement
- **Planning Policy** – advice on conservation area restrictions

6. Objectives and Outcomes

A full statistical breakdown on the progress to date can be found at **Appendix 2**.

At this point, the BGF has either contracted with or endorsed applications to the value of £51,079.23 from the £66,500 available. Requests for grant have been evenly split between businesses from Clay Cross and Dronfield with the more modest interest from Tupton recognised because of its significantly smaller business base. Should the endorsed EOIs result in contracted applications within forecast timescales, the BGF will have allocated 76.8% of funds with 2 months left to officially run.

Whilst it is felt that appropriate support and information is provided to all applicants, as is typical of many two-stage funding schemes, for a number of reasons, not all applicants proceed with their project. Common reasons often relate to eligibility of activity, commitment to the project, changes within the business, planning and licensing requirements and the necessity to complete application forms.

There is a robust appraisal and approval process which has resulted in five of the 14 approved projects receiving less funding than requested, with no detriment to the delivery of the project or its outcomes (only two applicants directly expressed disappointment, although the projects proceeded and were contracted to deliver the same outcomes).

Of the 14 approved projects to date, the contracted outputs are good in terms of job creation, however currently only a nominal increase of £3208.78 in NNDR has been

generated due to the size of businesses supported, which are typically exempt from Business Rates. Increased turnover totalling £280,098 has been reported by the first three projects that have completed their monitoring period and provided annual accounts, and it is expected that this figure will increase considerably as and when more projects are completed.

Once clear benefit is the value for money of the scheme, which is exemplified in:

- **Jobs Created:** Currently, BGF applicants collectively are contracted to deliver 20.65 Full Time Equivalent (FTE) jobs for the total £51,079.23 grant approved, a unit cost of £2,474 per job. To date 15.4 jobs have been created for grant payments totalling £42,881.91 which represents a unit cost of £2,785 per job which is significantly higher value for money than the LEP £25,000 per job rate, demonstrating the value of lower limit business funding schemes.
- **Match Funding:** The contracted match funding rate is, at 52.08% of overall costs, significantly higher than the 10% minimum expected in the funding guidelines. This figure has not been skewed by any one project and shows the commitment to invest in their companies which businesses are willing to undertake should a level of seed-corn funding be available.
- **Resources:** Although reliant upon a significant level of staff time (estimated at least 1.0FTE for the collective time spent), other costs are low, with only leaflet printing costs being the cashable value (£9.17). All other publicity has piggy-backed on existing business support events and publications.

Challenges

The scheme has experienced some challenges along the way which have led to revisions in the process, such as amending guidance and application forms and being very clear in communications to ensure that applicants are fully aware of their responsibilities.

The main issues have been applicants spending or committing to expenditure, or starting projects before the Grant Agreement has been drawn up, applicants having unrealistic expectations of how well their proposed new businesses idea will perform combined with a unwillingness to acknowledge this, and speculative applications that demonstrate no clear aim or ability to create the required outputs.

There has also been a reluctance among some applicants, particularly those who have not taken advantage of the support offered by EDU, to follow the published guidance or take on board advice given to them and this has led to misunderstandings and, in some instances, grant offers being reduced or withdrawn. Two Freedom of Information (FOI) Requests were received from BGF applicants whose bids were turned down and compiling responses to these has taken up considerable time.

Despite all the resources spent on these projects, there is currently very little credible evidence as to whether or not these grants spur firms to undertake innovative activities that they otherwise would not have done, or merely subsidise firms for activities they would take anyway. This raises the risk of little additionality, as the scheme potentially ends up subsidizing firms that would grow anyway.

7. Feedback from Applicants

Monitoring feedback from applicants and colleagues has been an ongoing process. As with any scheme, it was anticipated that issues could arise as applications passed through

the various stages from start to finish; for example, one applicant encountered a software compatibility problem with the EOI form, however this was quickly resolved with the support of a NEDDC officer.

In just under half of cases, grant awards were lower than requested, particularly where projects were for standard websites, or where the overall cost of the project and resulting private match funding had reduced significantly in the FA from that stated in the EOI. In one such case the applicant contacted us to express disappointment at being offered a smaller award and the impact this would have given the *“significant amount of time taken to complete the application”* however, the grant offer was accepted and the project has been successfully completed.

Consultation

A survey was carried out in October 2016 asking applicants about their experience of the scheme. They were asked about the different stages, the support they sought, the communications they had with NEDDC officers and their opinion of the value of such schemes to the local business community. 12 applicants were contacted and of these, 4 responded. Although the responses are not statistically significant due to the small sample size and response rate, the feedback does give useful guidance and perceptions about the fund.

Unsurprisingly, responses from applicants who had been successful in securing funding tended to be more positive about the scheme than those who had not. A summary of the responses can be found at **Appendix 3**.

Although applicants were encouraged to seek guidance from EDU officers with both their EOI and FA this offer of support was not being taken up by all the applicants which sometimes led to them being asked to provide additional information. Respondents who had not sought EDU support commented *“I have found the process took excessive amounts of time to complete”* and *“I believe a more face to face approach would be much easier and less onerous”* whereas those who had received EDU support said *“I found it straightforward and easy to complete the application and the speed of payment was excellent”* and *“so far the process, although time consuming in receiving quotes, has been professional.”* As a result of this feedback a new section was introduced in the EOI form requiring applicants to contact EDU and to provide details of the advice they had received.

Respondents generally said that they were happy with their communications with NEDDC officers, saying *“we have found any personnel that we have spoken with approachable and they have explained any queries we had clearly.”*

When asked about the value of schemes such as BGF, most respondents felt it was worthwhile, commenting *“I think anything around business growth, development, sales and marketing is great”* and *“it has enhanced my business and I would have not been able to have done this without the grant funding”* whereas another said *“in my experience I have to say no it isn't worthwhile and isn't supporting local small businesses.”*

Suggestions for the focus of funding included *“possibly support with hardware purchases as often investment in equipment is a barrier”* and *“Management Training would benefit growing businesses”*. It should be noted that hardware and equipment purchases are eligible, although management training is not due to the feeling that it would not create any direct outcome benefit for NEDDC. Growth Hubs already support Workforce Training (including management training) through their existing support programmes and there is therefore no need to duplicate this provision.

Other feedback received at various stages included a suggestion to “*introduce an interim stage where the proposed outcomes and costs are reviewed prior to appraisal*” to save “*SMEs expending valuable resource providing detailed information with no prospect of success.*” This has been addressed in part with the introduction of a ceiling grant amount for standard websites and may still be considered for other costs where these seem high. This however will not remove the requirement for three independent quotes for expenditure or the need for the applicant to complete the Full Application form.

Case Studies

Case studies have been provided by various successful applicants and these have all been positive, showcasing the jobs and other outputs created by their businesses as a result of receiving grant funding. These also include comments on their experience of the scheme itself and their dealings with NEDDC officers and can be found at **Appendix 4**.

8. Evaluation Conclusions

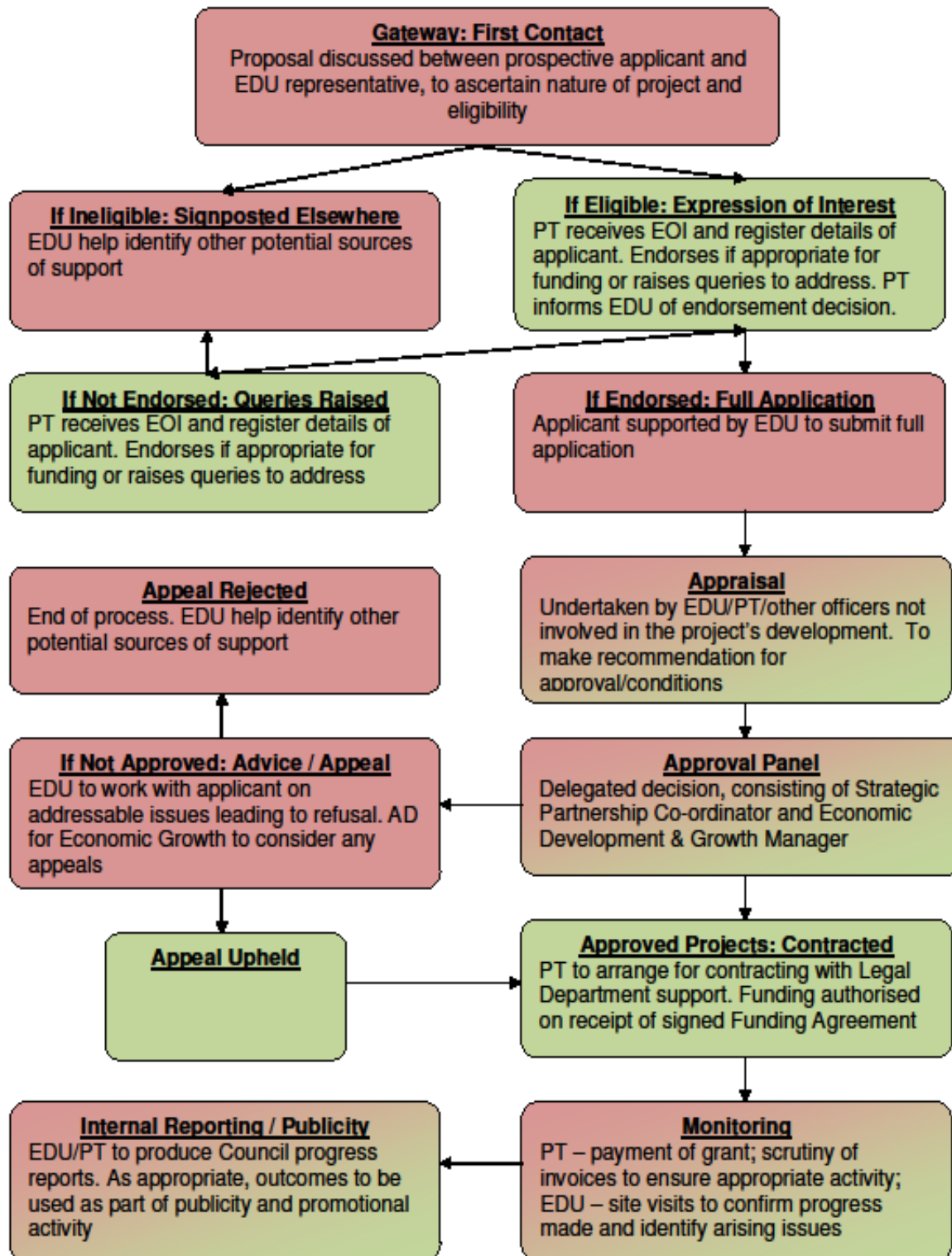
There have been some clear benefits from the BGF in terms of business growth and employment generation. However, it is reasonable to question if these would have happened anyway and whilst the scheme has evidenced good outcomes, consideration needs to be given as to whether NEDDC should fund this type of programme noting current spending challenges.

There are also wider considerations for the Council to make in terms of what offer to business can be resourced in future (e.g. more KAM/one-to-one EDU support and identifying suitable privately owned sites for development to encourage inward investors etc.) and whether this would include a grants scheme.

- Due to current LEP funding still focusing on larger grants there remains a local need for lower level funding for business support
- Generally the BGF priorities are appropriate, although the Brighter Business-type activity and Business start-ups are less likely to evidence or deliver quantifiable outcomes
- The publicity approach was appropriate although targeting growth businesses through KAM and other face to face engagement has brought forward projects that may not otherwise have presented
- Applications developed through targeted EDU one-to-one and KAM engagement have been more successful than those where the offer of support has not been taken up
- Delivering the BGF successfully requires engagement and support from various departments who do not have this as a workload priority; to date this has been forthcoming in a professional and timely manner

- The level of funding available (£66,500 over 3 years, 4 months) has been appropriate for the scheme to operate in its current geographical area, however any expansion of coverage across the district would require significant additional funding
- The generation of NNDR is considerably lower than anticipated and has not been on a par with the proportionate level of the 2007-2013 BNED LEADER Approach
- The BGF has generated significantly high value for money outcomes in terms of jobs created and match funding from internal business investment which demonstrates the desire for companies to grow within the district
- The general business response to operating the BGF is positive and whilst there was some concern at the effort and paperwork required to access a grant, this needs to be balanced against the Council's duty to protect the use of public money.

North East Derbyshire Business Growth Fund Outline Process:



Appendix 2

NED BGF Outputs/Outcomes - November 2015 to 20th February 2019

	Total	Clay Cross	Dronfield	Tupton
Enquiries				
Enquiries Received (4 further enquiries from ineligible areas)	68	37	29	2
Expressions of Interest (EOIs)				
Expressions of Interest Received	51	27	22	2
Expressions of Interest Endorsed (invited to full application)	38	19	17	2
Expressions of Interest Not Endorsed	9	6	3	0
Expressions of Interest Withdrawn by Applicant	11	8	3	0
Expressions of Interest Withdrawn by NEDDC	12	4	6	2
Total Funding Endorsed for EOIs currently developing applications	£4,000	£4,000	£0	£0
Total Forecast Job Outputs for Endorsed EOIs currently developing applications	2	2	0	0
Total Estimated Match Funding for Endorsed EOIs currently developing applications	£599	£599	£0	£0
Full Applications (FAs)				
Full Applications Received	20	10	9	1
Full Applications Approved	15	10	5	0
Full Applications Rejected/Withdrawn	5	0	4	1
Total Funding Approved	£51,079.23	£31,261.23	£19,818	£0
Contracted Match Funding	£55,489.42	£37,832.16	£17,657.26	£0
% Match Funding delivered (against a 10% minimum expectation)	52.08%	54.76%	52.88%	-
Total Contracted Job Outputs for Approved Full Applications	20.65	10.15	10.5	0
Job Outputs Achieved to date for Approved Full Applications	15.4	9.9	5.5	0
Increase in turnover (3 companies)	£280,098	£181,222	£98,876	£0
Increase in NNDR	£3,208.78	£2,970.78	£238.00	£0

List of Contracted NED BGF Projects (as at 20th February 2019)

Appendix 3

Project	Location	Activity	Grant Amount	Match Funding Generated	Increase in Jobs	Increase in Business Rates (NDR)	Other Outcomes	Project Start Date
Paperclip Admin Ltd	Dronfield	Purchase of a bespoke call centre software package to enable automation of call answering, minute monitoring, reporting opportunities for clients and increased capacity for call handling volumes	£4000.00	£2635.00	3	0	shortlisted for Derbyshire Times Business Awards for Customer Service Oct 16	February to October 2016
JGW Training Ltd t/a Skills for Careers	Dronfield	Website development including search engine optimisation and creation of applicant and vacancy management system.	£3058.00	£5111.00	2.5	0	180 apprentices recruited	June to December 2016
Inspire Design & Development Ltd	Clay Cross	Development of a website to improve marketing capabilities and increase client numbers.	£1000.00	£2875.00	1.4	£2970.78		June to September 2016

Project	Location	Activity	Grant Amount	Match Funding Generated	Increase in Jobs	Increase in Business Rates (NNDR)	Other Outcomes	Project Start Date
Alma Osteopathic Practice	Clay Cross	Renovation of a second treatment room and purchase of equipment to provide a facility for an additional practitioner to work from the premises.	£3800.00	£7048.31	0.5	0	patient increase - 9.5% in 2018, increase in treatment nos-18% in 2018, Additional days open p/wk (now open 5 days p/w Dec 17) Receptionist hours have increased by 15hrs p/wk 0.5FTE	October 2016 to December 2017
STAL Ltd	Clay Cross	Purchase of new dust extraction system	£4000.00	£4759.02	4	0		October 2016 to December 2017
Killer Byte Ltd	Dronfield	Advertising for new shop	£800.00	£5000.00	0	0		May 2017 to March 2018
New Oak Estates	Clay Cross	Office start-up costs to include signage, office furniture, paint, flooring, display equipment and advertising	£3985.43	£1472	1.5	0		August to November 2018

Project	Location	Activity	Grant Amount	Match Funding Generated	Increase in Jobs	Increase in Business Rates (NNDR)	Other Outcomes	Project Start Date
Hopjacker Brewery Ltd	Dronfield	Purchase of brewing equipment	£4000.00	£2321.00	0	0		June 2017 to December 2018
Reconnected Kinesiology Therapy	Clay Cross	Marketing and IT equipment costs	£2582.48	£1760.00	0	0		November 2017 to March 2018
Ashover Cider Company Ltd	Clay Cross	Purchase of a Fork Lift Truck	£3731.00	£3500.00	0.5	0	employment of a book keeper, hrs tbc	March to September 2018
We Do More Than Print Ltd	Clay Cross	Purchase of a print and cut machine	£4000.00	£14535.83	1	0		June 2018 to March 2019
Matt Smith Pet Care Ltd	Clay Cross	Purchase of an ultrasound scanner	£4000.00	£1382.00	1	0		June to August 2018
Evolution Composites Ltd (JMC)	Clay Cross	Purchase of a cutting table, a material holder and an automated electronic cutter	£3878.75	£1382.00	0	0		October 2018 to January 2019
The Akademy Ltd	Dronfield	Refurbishment of the bar area	£4000.00	£500.00	0	£238.00		November 2018 to January 2019
Ananda Foods Ltd (2)	Dronfield	Purchase of confectionery making equipment	£3960.00	£440.00	1	0		February 2019

Summary of Applicant Questionnaire Responses November 2016

Appendix 4

Questions	Response 1	Response 2	Response 3	Response 4
1. How did you find out about BGF?	In the North East Derbyshire Update magazine that comes through the door.	through Jane Weston, one of the NEDDC advisors	I was informed about the grants when looking into Leader funding.	Through Jane Weston, my business relationship manager at NEDDC. She promoted this along with everything else that the council could offer support with.
2. Expression of Interest (EOI) stage				
a) Did you speak to a member of the Economic Development Unit before submitting your EOI form? YES/NO	yes	yes	yes I believe so but I can't remember	yes
b) If not, why?				
c) Did you find the guidance for completing the EOI form clear and helpful? YES/NO	yes	yes	yes the guidance was clear and helpful.	yes
d) If not, why?				
e) Did you find the EOI form easy to complete? YES/NO	yes	yes	yes, fairly easy	yes
f) If not, why?				
3. Full Application (FA) stage				
a) Did you consult a member of the Economic Development Unit to advise you how to complete your Full Application form? YES/NO	yes	yes	yes	yes
b) If not, why?				
c) Did you find the guidance for completing the Full Application form clear and helpful? YES/NO	yes	yes	yes	yes
d) If not, why?				
e) Did you find the Full Application form easy to complete? YES/NO	yes	yes	-	yes
f) If not, why?				

Questions	Response 1	Response 2	Response 3	Response 4
a) Were you happy with your communications with NEDDC Officers? YES/NO b) If not, why?	yes	yes	- I found the communication rather off putting and curt! I had several options to establishing a new business and have been trying for several years to obtain help. I have either been in the wrong area, the wrong type of business, the wrong age..... And I have found the process took excessive amounts of time to complete In this case I had decided to put our house up for sale and fund my own business. I didn't alter my plans on the off chance that I MIGHT get funding.	yes
c) Was detail clearly explained? YES/NO d) If not, why?	yes	yes	-	yes
e) Were you dealt with in good time (in line with the agreed timescales)?YES/NO f) If not, why?	yes	yes	-	yes

Questions	Response 1	Response 2	Response 3	Response 4
5. Do you feel that small grant schemes such as the BGF are worthwhile for the local business community? YES/NO	yes	yes	-	yes
<p>a) If Yes, is there anything you suggest such funds should focus upon (or not)?</p> <p>b) If not, why?</p>	<p>We think the focus should be as it already is, i.e. generating jobs and supporting local businesses to grow.</p>	<p>I think anything around business growth / development / sales and marketing is great. Possibly support with hardware purchases as often investment in equipment is a barrier. Management Training would benefit growing businesses.</p>	<p>-</p> <p>In my experience I have to say no it isn't worthwhile and isn't supporting local small businesses. I got the impression that the scheme was looking to support bigger businesses that could offer additional employment rather than small enterprises that could flourish. Trying to establish a business is very tiring and time consuming, the time involved in applying for funding is demanding. I believe a more face to face approach would be much easier and less onerous.</p>	

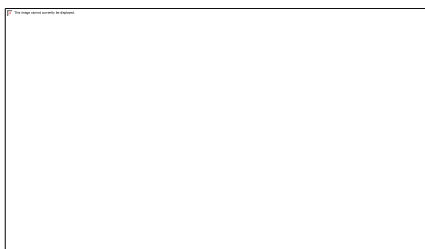
Questions	Response 1	Response 2	Response 3	Response 4
<p>6. Is there anything more you would like to tell us about your experience of the BGF process?</p>	<p>So far the process, although time consuming in receiving quotes, has been professional. We have found any personnel that we have spoken with approachable and they have explained any queries we had clearly.</p>	<p>I found it straightforward and easy to complete the application and the speed of payment was excellent. Thank you.</p>	<p>-</p>	<p>It has enhanced my business and I would have not been able to have done this without the grant funding.. I would definitely encourage other businesses to apply for the BGF – it really does make a difference when financial support is needed.</p>

NEDBGF Case Stories

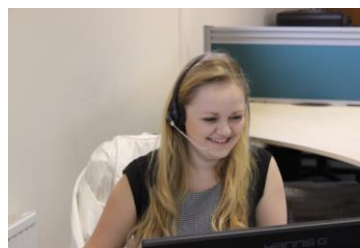
Paperclip Admin Ltd was set up in 2009 offering administration services and grew from one person to 4.3 FTE in 2016. Feedback from customers and market research showed that telephone answering was an untapped potential market and introduced this service in 2011 since when the business has continued to grow.

The company identified the large potential market for further high volume users and with new contracts in the pipeline it became clear that a bespoke call centre software package was required to allow the company to take advantage of this opportunity. A successful application was made to BGF for funding towards the purchase of this software.

Anne Batty, Managing Director, said *“The biggest advantage that the system has provided is that we can now provide really detailed information about calls for clients. As the information is collated automatically, more time can be spent answering calls and therefore enables more customers to be taken on which in turn supports our business growth. We have also been able to recruit new staff Oliver and Alex, and can now spend more time on new and existing staff development”*.



Oliver Chapman



Alex Marshall

“The process was very easy to understand and the instructions were clear on how to apply for the funding. My business relationship manager Jane at NEDDC explained before I applied on what the process would entail and the process involved along with everything else that the council could offer support with. I knew exactly what I needed to do by when which was really helpful.”

Hopjacker Brewery has been operational since October 2015 producing hop forward vegan friendly cask ales for sale at the attached pub, The Dronfield Arms, and several other pubs within the region.

BGF funding was awarded towards the purchase of two temperature controlled fermenting/conditioning vessels to increase brewing capacity to meet the growing demand for the product.



Brewing Equipment



The additional equipment has enabled the brewery to produce craft lagers and nitro-stouts, a section of the market which, we were previously unable to compete in. There is a growing demand for locally produced, craft lagers to replace those produced by multinational firms, and very few breweries on as small a scale as our own able to meet this demand.

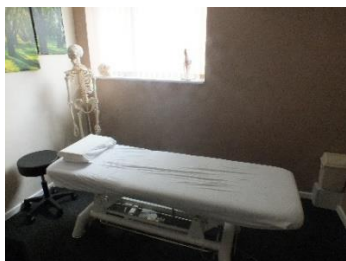
Business owner, Chris Sinclair, said *“Working with the NEDBGF team has been a pleasure. They were very helpful from start to finish, easy to deal with.”*

Alma Osteopathic Practice was founded in 2006 by Jamie Archer whose vision was to create an environment that gives the best osteopathic care to those seeking help improving, managing and maintaining the health of their musculoskeletal system. Since that time, we have built a solid reputation in the local community and beyond by helping thousands of patients to regain a better quality of life.

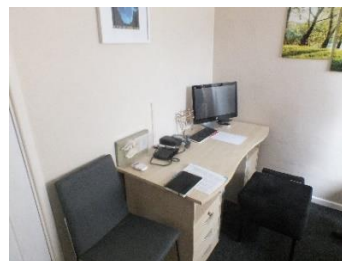
The BGF funding was used to renovate an additional room so it could be used as a further treatment room. Necessary equipment was also purchased including a treatment couch, desk, chair, computer, printer, educational software for patients and practice software to manage bookings and patient notes.

Practice Manager Gila Archer said *“Jamie now works out of two treatment rooms and can see one patient in room 1 whilst the patient in room 2 has time to get changed. This has enabled us to increase the number of appointments available for patients and meet the demand of returning patients. The retention of our patients has improved considerably due to the availability of appointments, regular treatment equating to positive improvements for patients. We still receive a steady intake of new patients as well.”*

“As a result of the additional room being used and increased appointments and patients at the practice, we have doubled the hours we employ the receptionist. She works almost full-time hours now and is essential to the smooth running of the practice.”



New Treatment Room



Office Equipment

“Our experience of the scheme has been positive. From our initial enquiries, our questions were answered, we received support when asked regarding completing the application form. We had a couple of visits before and after to show how the funding had been used. Monitoring of the funding and meeting our outcomes has been straightforward and clear.”

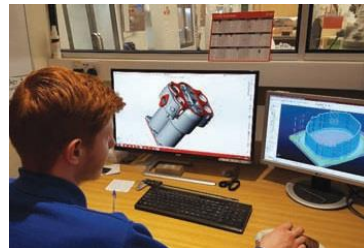
STAL Ltd is an engineering company that has used traditional skills since starting trading in 2001, mainly manufacturing pattern equipment for the foundry industry. After investing in new CNC machining centres and CAD/CAM software in 2011 they were

able to produce patterns directly from a 3D CAD model and enter into new industries, allowing them to expand into Coney Green Business Centre in Clay Cross in 2016. A successful application to NEDBGF supported the purchase of a dust extractor system making the workshop a cleaner environment and faster production times as machinery is utilised to work more efficiently. They now have the versatility to use their traditional and modern skills to make pattern equipment, including that used to make the roof tiles at Westminster Abbey and the water feature and lettering for Jo Whiley's garden for the 2017 RHS Chelsea Flower Show as well as working for high end customers in the aerospace, automotive and motorsports industries.

The company offered a graduate placement for Luke Almond and since completing his Degree, Luke has re-joined the company as a permanent member of staff. Three additional new members of staff, a labourer, a general manager and a machinist, have also been employed to support the increased orders that are now coming through the door.



Stephen Slater



Luke Almond

Stephen said *“The support the business received from the Council has been tremendous and all the staff that have been involved from him moving into Coney Green, receiving grant funding and ongoing business support have been incredibly helpful and supportive.”*

We Do More Than Print Ltd is a small print and signage company based at Coney Green Business Park in Clay Cross that started out in 2012 as a sole trader and has grown over the years to a limited company now employing 5 people.

A grant award from NEDBGF was used towards the purchase a new eco-friendly wide format printer and cutter to enable the company to improve the quality of existing products and expand their product range as well as speeding up the production process leading to faster turnaround times and increased capacity.



Wide Format Printer



Emily Marriott, Receptionist

The investment in the new machinery has led to the creation of a new receptionist position and increased growth, and the environmental credentials of the new printer has allowed the company to reach new customers such as schools, colleges and the NHS that were previously not accessible.

Company owner, Dale Marshall-Curtis, said *“Our experience of the NEDBGF scheme has been fantastic, from start to finish, everybody has been as helpful as they can through every process.”*

Ashover Cider Company was started in 2011 when a group of friends decided to do something with the apples that were going to waste around the Derbyshire village of Ashover. Mick Philbin, Director, explains *“A press was purchased and various cider makers were visited and interrogated and a plan was put together to make a Derbyshire cider in a traditional way using pure ingredients. It’s a very slow, labour intensive process but it’s very satisfying”.*

“... we now produce hundreds of gallons of lovely cider each year. We have been supplying a very select collection of customers with our ciders over these years and it has also being making appearances at beer festivals all over the country.”

“Our cider comes from pure apple juice and we harvest all types of Derbyshire apples, from wherever we can get donations. We also bring cider apples from Herefordshire. We press the apples each year in October and November and the juice is then allowed to ferment over the winter and spring to create our unique cider.”



Fork Lift Truck



Cider Range

“We applied to BGF and received funding to purchase a forklift truck, which has really changed how we process the apples. Previously we used 330 kg wooden boxes to store and move our apples and had over 50 of these. With the forklift we have moved over to bags so now just have 6 of the boxes which has meant we have reduced storage costs, transport costs and reduced our carbon footprint, as instead of an HGV being required to take the boxes to be filled we can use our own much more economical vehicle. We also save costs by being able to fully process our apples ourselves without hiring external contractors to unload or move our apples to and from our press. The benefits have allowed us to employ a part time driver and cider trainee and improve all round efficiency and cut costs.”

“We did find the BGF process to be cumbersome and bureaucratic, we really did need some serious help from NEDDC staff to help use through the paperwork and bid requirements and we did not succeed at our first attempt. I understand that NEDDC has the legal and moral requirement to protect public funds and deal with them properly but we have had dealings with other organisations with identical requirements who have managed the process in a more streamlined and user friendly manner. It is easy to see why many companies have not taken up the potential to bid for funding and why so many have dropped out of the process. We simply could not have completed it without intensive help from NEDDC staff, but the proof is in the result and we are very happy to receive the help of the BGF in the most difficult time when growing a business.”

References

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Page 4 - Working Communities: <http://www.ne-derbyshire.gov.uk/index.php/resident/working-communities>

Page 6 - Business Support Helpline: <https://www.gov.uk/business-support-helpline>

Page 6 - GOV.UK Write a Business Plan: <https://www.gov.uk/write-business-plan>