

# Derby Sub Regional Investment Plan 2010-2013



**DERBY CITY COUNCIL**

*Derby City Partnership*

## 1. Strategic vision, local context, place and alignment

Derby is already a great place to live, to do business and to visit. The city has successfully attracted significant investment in recent years including the development of Westfield, QUAD arts centre, and improvements to urban spaces such as Cathedral Green. However, further targeted investment is required in order to tackle key challenges, improve economic performance and realise the city’s potential. This SRIP outlines how Derby will target future investment.

The aspirations for economic growth in Derby are outlined in the Sustainable Community Strategy. Our ambition for 2020: *Derby will be a city of growth, opportunity and innovation, a thriving and attractive city for all, with an environment that will sustain and protect future generations.*

Derby’s SCS can be found here: [http://www.derbycitypartnership.co.uk/documents/2020VisionFinal\\_000.pdf](http://www.derbycitypartnership.co.uk/documents/2020VisionFinal_000.pdf)

This SRIP aligns with and responds to a number of national strategies, the Regional Economic Strategy and local development strategies. Table 1 indicates the alignment of Derby’s economic priorities within the context of the national Regeneration Framework and emda’s Regional Economic Strategy:

**Table 1:**

Derby City Growth Strategy Visions	Alignment to national and regional strategic priorities	UK Regeneration Framework	emda RES Themes
<b>To build our portfolio</b> of higher value, knowledge based employment		Improve economic performance	Raising productivity
<b>To ensure Derby is a location of choice</b> for the most able and most talented, attracting and retaining creative, imaginative and forward thinking people		Improve rate of work and enterprise	Achieving equality
<b>To energise all of Derby’s communities,</b> capturing their full economic potential		Creating sustainable places	Ensuring sustainability
<b>To develop a sustainable infrastructure</b> that complements the future growth of Derby and to respond to the challenges and opportunities of climate change.			

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The SRIP is focussed around delivering the key priorities agreed within the City Growth Strategy. It will also contribute to wider government agendas such as the 'New Industry, New Jobs' Strategy (2009), which outlines the need for local economies to prepare for future growth following the current period of recession. Derby's Single Programme investment will help to deliver this by encouraging enterprise and promoting job creation in line with the regional output framework.

SRIP activity in Derby will not duplicate the national Solutions for Business programme but will add value to existing local delivery of business support by East Midlands Business. Regional guidance on how this should be achieved will be adhered to and applicants to SP funding will be made aware of the need to align with existing delivery mechanisms.

Sub regional investment in Derby will add value to the New Growth Point funding available for the Derby Housing Market Area. Growth Point has a number of key themes, the most relevant to the SRIP being *"linking physical, economic and social regeneration with growth"*. Derby also has access to Section 106 funding as a result of developments in the city centre. Both of these sources of funding can be used to add value to Single Programme investment in Derby.

Derby is currently delivering an ERDF PA2 programme, focussed on job creation outputs. The city has experience of matching Single Programme funding with ERDF to deliver projects with economic outputs such as the Darley Abbey Masterplan, Enterprise Coaching and Derby Station Interchange – currently under appraisal.

Derby's Local Area Agreement is one of the mechanisms for the delivery of the priorities in Derby's Sustainable Community Strategy and the City Growth Strategy. The identification of the economic LAA indicators has been undertaken by the City Growth Executive and members now play a leading role in performance management of the LAA. The 35 indicators plus locally selected indicators will promote closer working on economic development.

Derby's LAA has been organised according to the priority themes identified by the Derby City Partnership Board. The theme of 'creating, retaining and spreading wealth' includes the City Growth economic development indicators.

### **2. Economic Development Priorities 2010-2013**

Prioritisation of economic development in Derby is steered by the City Growth Executive of Derby City Partnership. The City Growth Strategy was refreshed in May 2009 and will be revised again during 2010/11 in line with the Local Economic Assessment. Derby City Growth Strategy can be found here: <http://www.derbycitypartnership.co.uk/documents/CityGrowthStrategy0910.pdf>

The priorities outlined in the City Growth Strategy will deliver effective return on investment through a variety of projects. This is explained below:

Table 2:

Derby's Priorities	PROJECT DELIVERY	Long Term Return on Investment	Direct Links to emda Output Framework
Attract investment and support businesses to start, survive and grow		<ul style="list-style-type: none"> <li>Secure quality jobs</li> <li>Increased economic activity</li> <li>Increased GVA</li> <li>Improved investor confidence</li> <li>Brownfield development</li> </ul>	E1, E2, E3, E4, E5, E7
Improve skills and expand the employee pool		<ul style="list-style-type: none"> <li>Increased skills levels</li> <li>Increased economic activity</li> <li>Positive impact on GVA</li> <li>Opportunities for residents to engage in employment and enterprise</li> </ul>	E2, E6
Support growth through the city's physical assets		<ul style="list-style-type: none"> <li>Transforming public and private spaces</li> <li>Increase investor confidence</li> <li>Improved infrastructure</li> <li>Improved connectivity</li> <li>Secure jobs through private investment</li> </ul>	E5, E7
Respond to the opportunities and challenges of climate change		<ul style="list-style-type: none"> <li>Job creation</li> <li>Improved resource efficiency</li> <li>Increased sustainability of infrastructure</li> </ul>	E1, E3, E4

City Growth partners agree there is a need to continue to promote investment in the city centre as well as delivering economic regeneration within the wider city boundary. Partners have a clear understanding about the key issues relating to economic growth and the geographical disparities that exist. Spatially targeted initiatives such as ERDF can be used to add value to Single Programme investment in the city.

Derby is keen to deliver specific projects as set out in the Priorities for Action table appended to this plan. The city has traditionally performed less well than its competitors in the level of business starts per head of population so this remains a long term priority. Derby also aspires to continue to improve the skills levels in the city to improve opportunities for local people to access the well paid jobs in the city, with a particular focus on the pockets of deprivation in the three worst performing wards.

In the long term the city also hopes to deliver strategic developments that will achieve economic growth at the local level while contributing to regional and national priorities. Derby is keen to see investment in public and private spaces and infrastructure which are vital in order to attract continued private investment in the city centre and maintain confidence in the economy with residents. The outcomes of these investments will be quantified by their direct impact on creation of jobs, development of land and increased GVA as well as further trickle down effects of investment in place as highlighted in the ECOTEC evaluation and in the Government's World Class Places strategy.

Promoting public intervention in areas of market failure will help to facilitate the development of strategic sites into economic use, such as the former Debenhams site. This is a key priority for the city in order to facilitate brownfield development, creation of jobs and increased levels of GVA whilst representing good return on investment for the region.

### 3. Rationale and Evidence for Intervention

The sub regional profile of Derby in *The East Midlands in 2009* evidence base highlights three key challenges for Derby:

- To increase skills levels of residents to improve employment opportunities and to reduce the wage gap between residents and workers.
- To tackle low rates of new business starts.
- To continue to deliver infrastructure developments.

These broad challenges can be broken down to include specific areas of focus. The wage gap between workers and residents in Derby is significant but it should be highlighted that resident income still remains significantly higher than both Nottingham and Leicester. Therefore, the challenge is to ensure that local people are adequately skilled and given the opportunity to access the well paid jobs in the city, with a particular focus on the pockets of deprivation in the three worst performing ward

At August 2009 Derby had an unemployment figure of 5.0% which, although lower than neighbouring cities, is higher than the regional and national figures of 4.1% and 4.2% respectively. Reducing this figure remains a key priority at the local and national level.

Statistics such as economic activity, unemployment and qualification levels all place Derby in a relatively good light. As in any urban centre, Derby has specific areas of economic deprivation which require targeting but partners are agreed that the SRIP should look to maximise the opportunities for the city. Derby has many assets, as highlighted in the City Growth Strategy, but there are opportunities to build on these assets, particularly by

strengthening key sectors. City Growth have identified 5 key cluster themes and investment through the SRIP offers significant opportunity to achieve further progress in these areas whilst delivering regional ambitions.

Significant research has been undertaken into the future skills needs for Derby and can be accessed here: <http://www.derbyskills-2023.co.uk>. The outcomes of this research highlight further opportunities for Derby that can be delivered through the SRIP, including the need to improve lower level skills among residents. The research reinforces the importance of the priority sectors by highlighting that 60% of employment in the city is within these sectors.

Derby has experience of delivering projects that have successfully placed local people into work such as the Livelihood and Workstation projects. Livelihood was funded by URBAN II and engaged over 2,000 people in some kind of learning experience. Over 200 people were in employment or on a training course six months after their initial support and more than 150 people received a recognised vocational qualification. The Workstation project promoted job opportunities from the new Westfield development and allowed 211 residents from Derby's most deprived neighbourhoods to access jobs and has helped to shape the current Sector Development Managers project. Both examples highlight a good return on investment and showcase the type of projects that Derby can deliver to respond to the current economic climate.

#### **4. A programme of activity**

Appendix one provides details of Derby's proposed programme of activity over the period 2010-2013 in the Priorities for Action, PFA, table. Project activity is identified against RES strategic priority, Derby LAA targets and City Growth strategy priorities. Project information includes brief project description, forecast spend in 2010/11, 2011/12 and 2012/13, total project value and leverage figures. The table contains an indicative allocation for potential continuation which could be used to support the continuation of successful projects following a mid term evaluation, additional support for the seven specification priority themes and regional activity. The commitment of this funding will be considered and agreed by Performance and Commissioning.

For the purposes for the draft SRIP, DCP have assumed that the following projects will be endorsed by emda and details are included in the PFA table;

- Purchase of the Debenhams site
- Morledge improvements
- Derby Station Transport Interchange

#### **5. Measurable objectives and outcomes of the programme**

Single Programme will assist in the delivery of the City Growth Strategy and will therefore contribute to the achievement of the City Growth longer term outcomes which are set out in table 2 Chapter 2. The emda output framework targets that will be achieved through the programme are summarised

below. The output targets identified in this table relate to committed projects and those under consideration by emda, indicative targets for the six specification priority themes are also included. In most cases we will achieve more outputs.

	<b>2010/11</b>	<b>2011/12</b>	<b>Future years</b>
<b>E1 Number of jobs created or safeguarded</b>	291.5	125	164
<b>E2 Number of people assisted to get a job</b>	382	71	4
<b>E3 number of new businesses created</b>	65	23	68
<b>E4 Businesses supported to improve their performance</b>	786	170	216
<b>E5 Hectares of land brought into beneficial use</b>	1.02h	0.25	0.25
<b>E6a Adults in work undertaking vocational skills equivalent to Level 3 Qualifications or above</b>	100	0	0
<b>E6b Number of people engaged in 12 hours STEM or enterprise capability</b>	600	400	250
<b>E7 Financial Leverage – public and private</b>	£6,884,706	0	0

### 6. Financial contributions

It is anticipated that over 50% leverage will be achieved against the Single Programme investment over the three year programme period. The overall leverage figures are set out in the table below;

<b>Single Programme Investment</b>	<b>Match funding</b>	<b>Programme total</b>	<b>Leverage</b>
£16M	£16M	£32M	50%

Match funding has been included from large scale capital projects such as Morledge Improvements and Business Enterprise Centre, the Single Programme allocation to these projects is in 2009/10, however the match funding targets will be achieved in 2010/11.

Match funding will be from a variety of public and private sector sources. An important source of match funding will be through the City's ERDF Priority Axis 2 programme. In the first year of managing Single Programme DCP have worked to align the two programmes and developed a joint commissioning approach that will enable the partnership maximise this investment in the city.

Other sources of match funding will include;

- Derby City Council
- University of Derby
- Other Central Government funding
- Connexions
- Heritage Lottery Fund
- Private sector developers
- New Growth Points
- Section 106
- Other grants, trusts and charities

### **7. Decision making structures and programme management**

Derby City Growth Strategy provides a balanced assessment of Derby's economy and outlines clear priorities to ensure the City continues to experience economic growth in the coming years. Derby City Partnership and City Growth Executive as a whole are committed to achieving the vision and priorities as set out in the Strategy

DCP have agreed a Commissioning Framework containing principles and processes for joint commissioning across a range of partner organisations. The framework contains a clear commissioning cycle – Plan, Purchase, Monitor, and Review, that will be followed to ensure DCP get most from the Single Programme funding and deliver the City Growth Strategy. The commissioning framework and Derby's funding programme governance arrangements are set out in appendix two.

In July 2009 City Growth's Performance and Commissioning Group agreed the seven key themes that will contribute to achieving the aims of the Sustainable Community Strategy and City Growth Strategy;

- Redundancy support
- Jobs and skills strategy
- Specialist business support
- Entrepreneurial ambition
- Converting assets into economic use
- Social enterprise strategy
- Public sector procurement

Consultants will be appointed to undertake research into specific areas of local need and help us produce detailed project specifications to be used to commission projects for funding. This information will be incorporated in detailed Invitations to Apply for Grant Funding – IAGF. The IAGF will request submissions of Expressions of Interest – EOI - in response to the specifications. Details of the assessment criteria will be clearly set out in the specifications and will be in line with the selection criteria detailed in any guidance from emda on Single Programme funding.

Proposals are scored by the relevant City Growth sub group against set criteria on individual project score sheets. This ensures that projects fit the strategic framework of emda and City Growth and provide added value. The proposals are then ranked in order of priority allowing Performance and Commissioning to make final recommendations.

To track the progress of funding proposals a project fit document has been implemented - appendix three. This mapping activity indicates funding stream, allocation of funding and plots which vision and priority a proposal will meet. The project fit also tracks documents through the governance process and final endorsement by emda.

Reporting mechanisms to Performance and Commissioning have been established by the introduction of a set funding agenda item at the meetings. This agenda item aims to keep the group fully informed of the progress of proposals and will increasingly be used as a system for tracking performance. The project fit document will be the principal tool for tracking the progress of proposals and will highlight gaps for future calls for funding.

### 8. Risk assessment

The table below sets out the potential risks which may impact on DCP's ability to deliver the programme in 2010-13. The risks are identified under strategic, operational, financial and governance and state aid. The risks have been assessed against the likelihood of happening and the impact on the programme – high, medium or low. The proposed action to alleviate the risks is also included.

Risk	Likelihood	Impact	Action
<b>Strategic risks</b>			
Insufficient providers in the market place to deliver against priority theme.	L	H	P&C have agreed seven priority themes and will develop a clear rationale for each theme. Performance and Commissioning will approve detailed IAGF's against which activity will be commissioned. Work through relevant CG sub groups to bring forward activity. In prioritising projects, sub groups will prepare a reserve list which will be used to reallocate funding. A further tendering round will be undertaken in 2010/11 to commit any unallocated funding.
Reduction in the allocation of Single Programme funding.	M	H	DCP will discuss and seek clarification of the funding allocations to Derby over the next three years. Regularly review existing commitments and build in some flexibility to the programme to be able to respond to changes in the allocation.
Changes within the partnership resulting from DCC partnership review.	L	M	Continue to engage with key stakeholders in the partnership and agree an appropriate structure
<b>Operational risks</b>			
Loss of key staff.	L	H	Clear, long term, staffing structure developed and vacant post recruited to with experienced staff. Support and training sought from emda on key programme management requirements. Build on existing close working relationships between DCP and CD&T. CD&T to recruit an

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			additional officer to facilitate projects coming forward (paid for through SP M&A). Recruit additional staff to support programme monitoring.
DCP cannot access Portfolio Director	L	H	Work closely with the Shared Resource Centre at emda to receive regular financial and performance information. Work closely with Regeneration and Communities IT Officer to ensure they understand the importance of this tool in managing the programme.
Failure of projects to deliver to their agreed profile.	M	M	DCP will build good working relationships with projects and ensure they prepare realistic annual spend and output profiles which will be reviewed regularly. A reserve projects list will be constantly kept live in preparedness to bring forward additional spend and project delivery.
Failure to align management of Single Programme and ERDF.	L	M	Prepare a single IAGF for Single Programme and ERDF.
Failure to achieve agreed performance targets.	L	M	Regularly review performance and ensure high risk projects are identified and closely monitored to enable issues to be identified at an early stage. Report to P&C and emda any under-performance and.
Lack of progress to take up annual funding capacity	M	H	Commissioning. Agendas set for year to suit annual cycle to ensure timely actions
<b>Financial and governance risks</b>			
P&C operate outside of the declaration of grant for economic development.	L	H	P&C terms of reference revised to reflect the requirements of the declaration of grant. Ensure DCP officers have reviewed the declaration and can advise P&C on appropriate management. Seek additional legal advice from DCC's Legal Team as necessary.
Conflicts of interest	L	L	P&C terms of reference clearly set out the partnerships approach to conflicts of interest. The chairs of sub groups and P&C ask members to declare any pecuniary interest at the beginning of each meeting.
<b>State aid</b>			
Activity commissioned that is not State Aid compliant.	L	M	Adopt a strategic commissioning approach. Design a State Aid compliant IAGF, minimising the implications of State Aid or design it out at an early stage in development. If the state aid implications remain, liaison with emda at an early stage will be required and projects developed in line with the latest guidelines. The full implications will be addressed through the detailed appraisal process.
Applications received without adequate consideration of State Aid issues.	L	M	Ensure applicants developing projects have access to the latest guidance on State Aid. Existing DCP officers receive refresher state aid training and newly appointed officers receive appropriate training to

		<p>ensure appropriate support and guidance is given to applicants. Additional officer within CD&amp;T team will enhance the capacity of DCP to advice in the development and operation of successful State-Aid compliant projects.</p>
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### 9. Evaluation

An integral part of the programme management will be evaluation. Project and programme level evaluation will be undertaken to enable the impact of the Single Programme investment to be assessed. DCP will comply with the BIS/RDA Impact Evaluation Framework and emda's guidelines on

evaluation. DCP will work with projects at the development stage to build in resources for evaluation. A full programme evaluation will be carried out at the end of the programme.

DCP have a robust evaluation toolkit, which was commissioned and developed for DCP use. This has been used to evaluate the NRF and Urban II programmes. It has proved to be an effective way of assessing project impacts, identifying good practise and has assisted to make difficult decisions on future funding. The toolkit can also be used to identify the impact of the project from a beneficiary point of view.

The outcome of project and programme level evaluation will be reported to City Growth sub groups, P&C and the Executive. The key findings and good practise will also be disseminated across the partnership through the DCP management group and more widely to partners through the e-bulletin and on the DCP website.

DCP's Funding Co-ordination Team has a proven track record in monitoring large and complex funding programmes. Funding Coordination Team officers will work with projects to introduce effective monitoring systems to capture beneficiary information that can be clearly evidence. This feed into the programme level evaluation.