

6th May 2014**Agenda Item: 4****REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY****D2N2 STRATEGIC ECONOMIC PLAN AND IMPLICATIONS FOR
NOTTINGHAMSHIRE****Purpose of the Report**

1. To update Members on the submission of the D2N2 Strategic Economic Plan and the next steps in terms of securing Local Growth Fund resources for Nottinghamshire. In addition, the report outlines a final consultation response from the County Council that was submitted to D2N2 under the urgency procedures due to consultation deadlines.

Information and advice

2. In July 2013, the Government tasked Local Enterprise Partnerships (LEPs) with drawing up Strategic Economic Plans which would outline investment priorities in LEP areas and form the basis of Local Growth Deals. Growth Deals will confirm capital investment resources to LEP areas. The Government sees this process as competitive across England (i.e. resources will not be allocated by formula) and has encouraged LEPs to submit ambitious proposals for growth, with a particular focus on deliverability in 2015-16 and 2016-17, when the capital funds will start to flow through the LEPs.
3. The funds to support Local Growth Deals come from a variety of sources, most of which have traditionally been devolved to local authorities. In brief, these are:
 - Local Authority Transport Majors
 - Local Sustainable Transport Fund
 - Integrated Transport Block
 - Further Education Capital
 - European Social Fund match (employment and skills – revenue)

Initial proposals to include New Homes Bonus within the Local Growth Deal were dropped after significant lobbying from borough and district councils.

4. The Government expects Strategic Economic Plans to focus on prioritising investment in housing, infrastructure and skills. There is also an expectation that local resources will be aligned or pooled around the priorities as identified in the Strategic Economic Plans. To this end, and to support better engagement with public sector partners in the D2N2 LEP, an Economic

Prosperity Committee for Nottingham and Nottinghamshire was established in February 2014 (report to Full Council, January 2014 relates).

5. The first draft of the D2N2 Strategic Economic Plan was submitted to Government on 18th December 2013. Feedback followed in January 2014, urging D2N2 to be more ambitious but also to be much more specific in terms of capital investment priorities in the first two years of the plan (2015-17). A process was then established by D2N2 and through its Local Transport Board to draw up robust business cases for capital investment (predominantly infrastructure related) in 2015-16 and 2016-17. County Council officers and Members have been engaged throughout the process via both internal working groups and the LEP's Officer Group, Board and Local Transport Board meetings.
6. More than 100 priority infrastructure proposals were submitted as part of this process. Towards the latter end of the process, the Nottinghamshire Economic Prosperity Committee met to confirm its priority list. This was followed by a meeting of the D2N2 Board on 25th March which resulted in the final version of the Strategic Economic Plan being agreed prior to the submission deadline of 31st March.
7. Nottinghamshire County Council submitted a final response on the Strategic Economic Plan on 24th March 2014, having been invited to do so through the LEP Officer Group. Given the deadline for submission of the response, it was signed off through the provisions for urgent decisions by the Chief Executive (Option C, Part C of the Constitution – decision by the Chief Executive).
8. In brief, the response focussed on:
 - The continued city bias in terms of the narrative and contextual information provided to underline opportunities in the D2N2 economy. The response repeated earlier requests for capital investment programmes ring-fenced for the two cities to be removed
 - The lack of proposed action around tackling deprivation and disadvantage
 - Potential confusion in terms of the various different spatial groupings / zones that were referenced in the plan
 - A lack of proposed action on business start-up
 - Query over the extended list of priority sectors, and whether the inclusion of two additional sectors (taking the priority list to eight) would spread resources too thinly
 - Comment on the skills proposals and in particular a request that tackling the engagement of small and medium sized companies with the skills agenda would be critical to future growth

Infrastructure priorities in Nottinghamshire included in the Strategic Economic Plan

9. Significant work was undertaken by officers in the Council's transport and highways and economic development teams to bring together information in support of business cases for a number of priority infrastructure schemes that met with the D2N2 LEP's requirements. Deliverability, value for money and

jobs created were the key assessment criteria. Nottinghamshire fared well in the initial 'cut' and prioritisation exercise undertaken by the consultants Atkins on behalf of the LEP. Subsequent negotiations at the LEP Board resulted in some changes to the priority list. Nottinghamshire projects now included as priorities for 2015-16 and 2016-17 are:

- Newark Southern Link Road
 - Vision University Centre, Mansfield
 - Sherwood Growth Corridor (Mansfield—Ashfield Regeneration Route) / Lindhurst
 - Harworth access improvements
 - A46 Corridor
 - Rolls Royce, Hucknall
 - Nottingham – Lincoln Rail Service Improvements
10. In addition to these projects, contributions towards the broadband 'Superfast Extension Programme' for both Derbyshire and Nottinghamshire are proposed should there be sufficient Local Growth Deal resources. Existing D2N2 commitments to the Gedling Access Road and A57/A60 improvements are confirmed, alongside cross-cutting priorities such as the electrification of Midland Mainline.
11. Beyond 2016-17, a longer list of potential infrastructure schemes is referenced in the D2N2 Strategic Economic Plan. These cover housing and transport infrastructure projects up to 2020.
12. Whilst much of the focus of activity in drafting the Strategic Economic Plan has been on immediately deliverable capital schemes, it does also include significant statements about future investment in skills and employment schemes and business support services. These schemes will largely be delivered through new European funding streams which will flow through the D2N2 LEP from January 2015 and which were subject of a report to this Committee in November 2013.
13. Priority activities for skills and employment include:
- D2N2 Employability Charter – a framework for schools covering employability and enterprise, co-designed by young people and employers. D2N2 to provide an employer link to every secondary school
 - Skills engagement for non-engaged businesses – extended employer engagement service for small and medium sized enterprises (SMEs) focussed on apprenticeship and traineeship development
 - Sector skills action plans – to drive changes to skills provision and ensure employers have access to the skilled workforce they need

Commissioning specifications for the above and other priorities (i.e. rolling out an apprentice hub model) are being worked up by the D2N2 Skills Commission and the respective Derbyshire and Nottinghamshire Skills and Employment Boards.

14. In terms of business growth and business support services, the following key areas of intervention are identified in the D2N2 Strategic Economic Plan:
- A D2N2 Growth Hub – simplify the business support landscape and provide a single point of contact for businesses ranging from start-up support to international trade. Bring together support provided through national activity (i.e, UK Trade and Investment, Manufacturing Advisory Service) and more local business support solutions. Likely to be based in Nottingham
 - Portfolio of access to finance solutions – promote and facilitate the availability of a range of business finance solutions, some of which will be supported through European funding streams
 - Sector development plans – including tailored business support services; supply chain development; innovation and the prioritisation of the LEP's capital investment funds

Next steps

15. The D2N2 Strategic Economic Plan was submitted by the Government deadline of 31st March 2014. There will now follow a period of intense negotiation between the D2N2 Board and the Government which will result in the agreement of a Local Growth Deal in July of this year. Alongside the negotiations, project specifications are being drafted and a peer review of infrastructure proposals is taking place to ensure that those projects prioritised in the Strategic Economic Plan are genuinely deliverable in the next two financial years.
16. It is anticipated that D2N2 could secure up to £50 million of capital investment funds in both 2015-16 and 2016-17. Beyond that it is less easy to forecast given the General Election in 2015 and subsequent Comprehensive Spending Review. The D2N2 European funding allocation is estimated to be in the region of £180 million over the period 2014-20. It should be noted, however, that due to delays at the national and European level, EU funds are unlikely to come on stream before April 2015 (which would be aligned with funds secured through the Local Growth Deal).

Reason(s) for Recommendations

17. To update Committee on progress with the D2N2 Strategic Economic Plan. In addition, Committee is required to note the use of the urgent decision procedure as outlined in paragraph 7.

Statutory and Policy Implications

18. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described in the report.

Financial implications

19. There are no direct financial implications arising from this report, although Committee may wish to note that major transport infrastructure schemes prioritised by the Council may attract investment through the D2N2 Strategic Economic Plan. In addition, there will be further opportunities to bid for funds through the Local Growth Deal and EU funding streams once these come on line in 2015.

RECOMMENDATIONS

20. It is recommended that Committee:
- (a) notes progress in terms of the submission of the D2N2 Strategic Economic Plan and next steps; and
 - (b) notes the submission under the urgent decision procedure of a response to the D2N2 Strategic Economic Plan by the County Council

Report of the Group Manager, Corporate Strategy, Celia Morris

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Constitutional Comments

This report is for noting only.

Financial Comments

This report is for noting only.

Background Papers

Growth Deal Guidance issued July 2013.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224776/13-1056-growth-deals-initial-guidance-for-local-enterprise-partnerships.pdf

Report to Economic Development Committee, 19 November 2013 – Development of the D2N2 EU Funding Strategy 2014-20

Report to Full Council, 16 January 2014 – Establishment of the City of Nottingham and Nottinghamshire Economic Prosperity Committee

D2N2 Strategic Economic Plan

http://www.d2n2lep.org/write/Documents/D2N2_SEP_March_31st.pdf

Electoral Division(s) and Member(s) Affected

ALL