

**19<sup>th</sup> November 2013****Agenda Item: 6****REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY****SECTOR DEVELOPMENT AND THE LOW CARBON AND ENVIRONMENTAL  
TECHNOLOGIES ACTION PLAN****Purpose of the Report**

1. To offer an overview of the key economic sectors across Nottinghamshire and to consider proposals for the first action plan on the Low Carbon and Environmental Technologies sector.

**Information and Advice**

2. An understanding of key economic sectors is considered important for a number of reasons while the statistics employed to set the definitions may vary. The logic follows that key economic sectors are those which, within a given area, already have a significant amount of employment share, a preponderance or critical mass of businesses of the same defined sector and / or where a significant degree of wealth is collectively generated.
3. What might be seen in one particular context as a positive share in some key sectors may be seen as a vulnerability in another context. Much therefore depends on whether that sector share is deemed to be growing or declining - and thence any given area may consider they have sector strengths and / or sector weaknesses.
4. Further, sector studies may be deemed to be important in assessing future growth. Some sector studies may be seen as aspirational, perhaps based on general or national trends in the economy which do not account for particular circumstances locally. This has occasionally manifested itself in promotional or inward investment materials where a bright picture of economies seeking to attract certain growth businesses has been developed. In addition, economic development approaches have often sought to prioritise resources towards key sectors with the ambition of exploiting a particular advantage or competitive edge to secure further economic and jobs growth.
5. As referenced, some sectors – or even sub-sectors – will have a particular significance at a very local level. For example, Loughborough is known for high-performance sport and Derby for transport manufacturing. This may driven by the presence of one or two (very) large employers or the particular specialities of a university. Even at a sub-County level therefore, there will be subtleties in sector emphases. Within Nottinghamshire, food and drink companies have a particular prevalence in the north of the County; logistics companies are concentrated along major arterial routes such as the M1 / A1 with central Nottinghamshire having a healthy concentration of manufacturing companies.

6. Finally, it is worth referencing that some sector strengths may not be unique to this area, perhaps influenced by national policy drivers, but nonetheless may be considered as meriting attention and exploitation. Examples of this include the Visitor Economy and the Low Carbon / Environmental sectors.

### Nottinghamshire's Sector Strengths

7. Historically, sectoral approaches have been developed at a regional and sub-regional level and members will be aware of the development of more recent strategic economic development approaches through the Nottinghamshire Growth Plan and the D2N2 Local Enterprise Partnership's Strategy for Growth, both of which have been influenced and supported by this Council. This Committee will also recall the review of the Nottinghamshire economy as presented at its meeting in June of this year and this also touched on certain sectoral strengths. This work has supported the development of what is suggested as a balanced approach to sector-based work and reflecting briefly on these offers insight into the suggested key sectors for the Nottinghamshire economy as follows :

Organisation / Policy Document	Priority Sectors (over what geography)
Regional Development Agency (emda)	Food & Drink; Transport Equipment; Healthcare; Construction (East Midlands wide)
The D2N2 LEP	Transport Equipment; Medical & Bio-science; Food & Drink; Construction; Visitor Economy; Low Carbon Goods & Services (Nottinghamshire / Derbyshire wide)
Nottinghamshire Growth Plan	Advanced Manufacturing; Food & Drink; specific projects in support of the Low Carbon Sector; Visitor Economy (Nottinghamshire)
Nottingham Growth Plan	Digital Content, Life Sciences and Clean Technology with Retail and Business Services being dependant upon wider economic factors and market-led growth and in these three sectors. (Nottingham City but clearly with an impact on Nottinghamshire given the employment flows)
Nottinghamshire Economy Overview	Logistics; Low Carbon / Environmental Technologies, Food & Drink; Construction and (Advanced) Manufacturing – supporting the LEP energies where appropriate to the County. (Nottinghamshire)

8. It is proposed that the latter part of the above table offers the sectoral targets for Nottinghamshire. While these sectors are important and where they open up opportunities these should usefully be exploited, it is important to stress that they should not be seen as the sole focus of activity going forward. Many wider factors as referenced in the Nottinghamshire Growth Plan will influence the success of the local economy including skills, access and connectivity and the availability and quality of employment land. Further, a number of companies are thriving in the County which do not come into these categories and their needs should also be addressed to support their development and finally, it

should be stressed that business creation, start-ups and innovation activity are an important part of the mix, with start-ups coming from a wide range of sector interests. This Council is actively supporting the business start-up and Innovation Centre activities across the County.

9. Resources to support sector based activity are limited and the approach taken is inevitably framed in that context but where appropriate, it is anticipated that the sector studies can be used to influence the approaches being taken at wider (and not least LEP) levels and thus potentially trigger resources for delivery. The sector reviews to be presented to Members are therefore set in this context and take the form of Action Plans, offering practical ways forward to exploit the opportunities. The first sector review completed is for the Low Carbon & Environmental Technologies sector, to be followed by the Advanced Manufacturing and Food & Drink reviews.

### **Nottinghamshire's Low Carbon & Environmental Technologies Sector**

10. Defining and indeed the actual naming of the Low Carbon & Environmental Technologies (LCET) sector has been the subject of much discussion nationally and sub-nationally. The full report is available as a background paper and reflects on this issue and attempts to offer a definition which reflects local circumstances and offers scope for further research as required. The review offers the following definition of the LCET sector :

“Industries that produce goods and services aimed at addressing environmental objectives, and in particular, the objective of lowering carbon emissions”

11. There are many companies across many different sectors that have adopted (or even developed their own) green technologies with a view on limiting emissions, minimising waste and / or securing energy savings. These are not included in the above definition per se but the learning from such companies supports the sector and a number of companies which are included in the wider LCET definition offer specific services such as alternative fuels / energy provision or pollution / waste management.
12. In terms of relative scale, there is some difference of perspective depending on source information and drilling down with statistical confidence to the Nottinghamshire level is not a readily achievable exercise. However, the review notes the following :
  - The sector has and is projected to continue to experience growth rates of between 4-5% annually, having been relatively “downturn proof”;
  - The UK ranks 6th in the world in the overall size and value of the sector with alternative fuels; vehicles; wind power, building technologies and geothermal ranking high in the national indicators;
  - At the East Midlands level, alternative fuels, photovoltaic developments, wind power generation, building technologies and energy management being the top five sub-sectors;
  - Drawing on limited data for the County and drawing derived conclusions from other studies suggests that employment in the LCET sector is as much as 9,700 (about 16% of the total within the East Midlands) in around 340 companies (10% of the total within the East Midlands);
  - An opportunity to secure a greater share exists as the East Midlands looks to have the second highest growth rate of all regions nationally.

13. The review also reflects on the national and local drivers for the LCET sector. The Government's Carbon Plan emissions targets are helping propel developments in the sector and associated schemes support this further, including the Green Deal, the Green Investment Bank and developments associated with the Energy Bill which as currently drafted seeks to achieve mass de-carbonisation and a security of energy supply.
14. More locally, there are the following projects and business developments :
  - Accelerating a Low Carbon Economy (ALCE) – extending the work of the University of Nottingham's Energy Technologies Research Institute, working with businesses to increase innovation, commercialisation and adoption of sustainable energy technologies in the region;
  - N'Tech Funding – provides niche sector funding for businesses located within the Nottingham travel to work area in low carbon / clean technologies activity (alongside life-sciences and digital content);
  - The Environmental Technology Centre – a knowledge base and incubator environment for SME development in the LCET field with ambitions to grow;
  - An inspiring range of Nottinghamshire companies at the leading edge of LCET developments including Hardstaffs, Strawsons Energy, Alkane Energy, Lindhurst, Hoval and Spinelock amongst other developing companies;
  - D2N2 LEP's Low Carbon Action Plan – launched on the 6<sup>th</sup> November, the action points from which are available at Appendix A. A full version of the report is available under background papers.
15. The LCET Sector Action Plan seeks to consolidate all this information, and present actions that can build on these opportunities, which may be summarised as follows :
  - **Identify Opportunities for Consistent Low Carbon Sector Research & Quantification** - the research concludes that we are anecdotally rich in intelligence but less so in statistical evidence. This action suggests that further work is undertaken to measure the scope of the sector, this being used to inform further proposals.
  - **Support the Development of a New Clean Tech Centre (CTC) in South West Nottinghamshire** – the CTC is exploring a further phase and this action suggests a continued liaison with the CTC to identify potential properties / land and finance to help them deliver this.
  - **Undertake Research & Feasibility Studies into the Energy Park Concept** – a number of sites in Nottinghamshire are being explored by the private sector for new alternative energy developments. This action looks to assess the situation of (particularly) former colliery sites in Nottinghamshire and to evaluate their potential for energy parks.
  - **Produce a Promotional Framework for the Nottinghamshire Low Carbon Offer** – two actions combined, designed to maximise Nottinghamshire share of the predicted growth in the sector across the region. It will identify what the Nottinghamshire Low Carbon Offer is, consulting with stakeholders, promoting success stories and eventually produce marketing / web-based documentation.
  - **Promote Business take up of Energy Efficiency Measures and Set Up Energy Efficiency Workshops on a Local Basis** – this action looks to stimulate efficiency within local businesses and further stimulate the local sector. Venues will be identified to market energy efficiency workshops and promoting measures to business.
  - **Support the Development of Energy Valley** – Hardstaffs, one of the County's pioneering companies is looking to bring forward the concept and pull together support.

This action will identify what the Council can bring to the phases of development and offer practical help towards its development.

- **Assess Market Intelligence on the LCET Sector with HE & FE Institutions and understand and plan for its Skill Requirements** – given the anticipated growth in the sector, this action looks to develop labour market intelligence and working with sector businesses and with HE & FE, develop programmes of activity and associated openings with skills funding sources.
- **Promote Low Carbon Activity within the Supply Chain and Internal Processes of Nottinghamshire County Council** – this action seeks to ensure that low carbon criteria are effected through the Council's procurement and other routes. This will allow the Council to support its de-carbonising activities and those within its business supply chain.
- **Support the D2N2 LEP Strategy regarding Low Carbon** – it is recognised that Nottinghamshire will benefit from participating in and the initiatives arising from the D2N2 LEP's activities – particularly in aligning them with the Single Local Growth Fund and EU Funding strategies. The Economic Development team worked closely with the D2N2 LEP in the development of its strategy and the many of the above referenced points are reflected in its Action Points.

## Conclusions

16. A sector approach presents an opportunity for Nottinghamshire County Council to focus on key areas of the local economy, and support the D2N2 LEP with its sector priorities. The Low Carbon & Environmental Technologies sector is the first of these to be offered to the Committee; its estimated future growth presents an opportunity for the County Council to maximise its impact for the local economy.
17. In order to maximise impact, it is suggested that the Committee reflects on prioritising activity that the Council can directly influence and support, while engaging with the LEP's Low Carbon Plan and thus ensuring that Nottinghamshire businesses benefit from its activities. To that end, it is proposed that the following merit prioritising :
  - The development of a second phase of the Clean Tech Centre within the County;
  - The development of the Energy Valley concept at Hardstaffs;
  - The promotion of low carbon activity within the procurement process and the Council's supply chain;
  - Ensuring Nottinghamshire secures the maximum impact from and influences the further development of the key activities referenced in the D2N2 LEP's Low Carbon Plan, particularly regarding the future availability of resources.

## Other Options Considered

18. The Committee may choose not to adopt a sector approach.

## Reason(s) for Recommendation/s

19. Members' views on the overall approach to exploiting the value of key sectors within the Nottinghamshire economy are sought, alongside views and a requested prioritisation of the actions contained within the first sector study.

## **Statutory and Policy Implications**

20. 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**

21. As referenced within the report, the overall approach is reflective of a limited available budget, seeking to support delivery impacting on the County by others or secure resources from external sources. However, where budgetary requirements are referenced, these will be factored into the overall planning for 2014/15.

## **RECOMMENDATIONS**

22. It is recommended that :

- (a) the approach suggested for the development of the sector reviews and action plans is noted;
- (b) comments are offered on the first of these, being the review of the Low Carbon & Environmental Technologies sector in Nottinghamshire and
- (c) specifically, members consider the proposed prioritisation of the actions referenced at paragraph 17.

## **Report of the Group Manager, Corporate Strategy, Celia Morris**

**For any enquiries about this report please contact: Ben Fowler ext 74881**

## **Constitutional Comments**

23. The Economic development Committee has authority to approve the recommendation set out in this report by virtue of its terms of reference. (NAB 08.11.13)

## **Financial Comments**

24. The financial implications are set out in the report. (SEM 08.11.13)

## **Background Papers**

- Nottinghamshire County Council - Low Carbon & Environmental Technologies Sector Review & Action Plan (November 2013)
- D2N2 LEP's Low Carbon Action Plan (November 2013)

## **Electoral Division(s) and Member(s) Affected**

All