

**REPORT OF THE LEADER OF THE COUNTY COUNCIL****THE D2N2 LOCAL ENTERPRISE PARTNERSHIP, THE CITY OF NOTTINGHAM, NOTTINGHAMSHIRE ECONOMIC PROSPERITY COMMITTEE AND MIDLANDS ENGINE PARTNERSHIP****Purpose of the Report**

1. The purpose of this report is threefold, to:
  - a) Provide an update on the work of the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP), the City of Nottingham and Nottinghamshire Economic Prosperity Committee (N2 EPC) and the Midlands Engine Partnership.
  - b) Seek approval for £62,500 revenue contribution to support the D2N2 LEP during the financial year 2018/19.
  - c) Seek approval to contribute £20,000 per annum over a 2-year period towards the Midlands Engine Partnership.

**Information**

2. The Council Plan 2017-2021 emphasises the importance of maximising the impact of the Midlands Engine and Midlands Connect programmes and being an active and influential partner within the D2N2 LEP. Nottinghamshire enjoys healthy employment levels and we intend to further our economy from the firmest of foundations. We are:
  - delivering essential infrastructure projects through our partnership with the D2N2 LEP Board, projects which provide the foundations for employers to prosper in Nottinghamshire, increase productivity of workers and provide skilled jobs.
  - using the advantages of our geography and our expertise in delivering economic growth, to work with the Midlands Engine Partnership, to influence regional and national economic and transport strategy to ensure Nottinghamshire remains a well-connected County for the benefit of all.

**D2N2 Local Enterprise Partnership (D2N2 LEP)**

3. The interim Chief Executive of the D2N2 LEP will be presenting to Policy Committee and has produced a report on the work of his organisation (attached at **Appendix A**).
4. D2N2 is funded partially by Government and programme funding but requires local match revenue funding to ensure it remains operational. The four upper tier local authorities have provided equal, annual revenue contributions of £62,500 as part of the LEP's match

funding since inception. In 2018-19, as in previous years, this will be matched by £250,000 from Government.

5. Subject to approval, it is proposed that the County Council confirms a financial contribution to the D2N2 LEP of £62,500 for the financial year 2018-19 funded from contingency.

#### The City of Nottingham and Nottinghamshire Economic Prosperity Committee (N2 EPC)

6. This report is the fifth update received by members offering an update on the N2 EPC covering the period from October 2017 to May 2018.
7. The N2 EPC is a joint Committee having responsibility for growth and economic development and has a recognised role in advising the D2N2 LEP on investment priorities for the Nottingham and Nottinghamshire area. The EPC has oversight of proposed spend via the Nottinghamshire authorities' Business Rates Pool (excluding the City of Nottingham). The EPC considers projects from across the area and proposes priorities for endorsement to the D2N2 LEP.
8. The Leader of the County Council chairs the N2 EPC. The Leaders of the Nottingham and Nottinghamshire local authorities are members, with all the Chief Executives attending in an advisory capacity.
9. The N2 EPC last met on 9<sup>th</sup> March 2018 and received an update on both the "Unlocking Growth in N2 Town Centres" Programme and the N2 business rates pool.
10. Next steps are for the N2 EPC to consider and agree spending priorities.

#### The Midlands Engine Partnership

11. The Midlands Engine Partnership is setting out to transform the way it works together and with Government to achieve greater economic growth and productivity across the Midlands through collaboration with businesses, long-term thinking and ensuring a "one voice" approach. The *Vision for Growth* sets out 5 strategic priorities for investment that will enable the Midlands to contribute to the UK's Industrial Strategy and drive Britain's post-Brexit growth.
12. To help achieve this vision, Government have confirmed their acceptance of the Midlands Engine business case and agreed a £4 million package of core funding to operate the Engine for a period of two years, subject to partners providing match funding.
13. Nottinghamshire County Council's Chief Executive is the Chair of the Midlands Engine Operating Board, representing the views of our Local and Combined Authority partners. At the Operating Board's 7th November 2017 meeting, it was recommended (and subsequently approved by the Executive Board) that Local and Combined Authorities provide a contribution of £20,000 per annum over a 2-year period. Subject to Policy Committee approval, this amount will be met from the Growth and Economic Development base budget.
14. Since the publication of the Vision for Growth, the Engine has made significant progress across a range of areas. Currently, for example, a dialogue is underway with HM Treasury, in respect of the emerging priorities of the Engine, some of which (if supported) would be to the benefit of the East Midlands and/or Nottinghamshire. There is a growing recognition within Government that the East Midlands has not received sufficient priority and the

Midlands Engine provides an effective conduit for discussions with Government about how best to address this. At the same time, Robert Jenrick MP, has been appointed as the Exchequer Secretary with a special responsibility for the Midlands Engine so the Engine now has a ministerial lead in HM Treasury, in addition to the Ministerial “Champion” role played by Sajid Javid, Secretary of State for Communities and Local Government.

15. To complement this direct dialogue with Government, much work is underway across the Midlands Engine to align the work of the Strategic Groups and Task and Finish Groups, so that they are working towards the outcomes set out in the Vision for Growth. Specifically, this work has led to the recent launch of a Project Support fund to assist the development of priority projects. In addition, the Engine has launched the procurement process to establish a midlands Economic Observatory, which will help establish a better current a forward view of the regional economic drivers. Lastly, the Engine has been successful in securing one of the Government’s pilots for 5G communications. This pilot is worth over £4.5 million and will take place across the Worcestershire LEP area.

### **Other options considered**

16. The challenge is one of improving the productivity of our companies and the skills of the county workforce to increase the value of our economy and increase residents’ wages. It is for this reason that the option of not providing the funding for the Midlands Engine Partnership or the D2N2 LEP was rejected. Without the County Council’s match funding, both partnerships will not be able to unlock access to significant funds from Government to support growth.

### **Reasons for the Recommendations**

17. To provide Policy Committee with information on the D2N2 LEP and N2 EPC as requested by Members in November 2015, and to seek approval to provide the requested match funding for the D2N2 LEP and Midlands Engine Partnership.

### **Statutory and Policy Implications**

18. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Financial Implications**

19. Nottinghamshire County Council has contributed £62,500 per year towards the core running costs of the D2N2 LEP since financial year 2011/12. This contribution has been matched by the other upper tier councils and has enabled D2N2 LEP to draw down £250,000 per year from the government to support ongoing revenue costs.
20. In addition, the County Council has committed to supporting the Growth Hub for the D2N2 LEP. The Growth Hub coordinates access to business support for companies across the areas, with a particular focus on companies that demonstrate higher growth potential in the LEP’s priority sectors. The Growth Hub currently benefits from investment through the European Structural Investment Fund (ESIF) programme. The County Council has

committed to supporting this with an annual contribution of £50,000 over three years to ensure an enhanced level of service in Nottinghamshire, as approved by the (former) Economic Development Committee on 3<sup>rd</sup> November 2015.

21. Nottinghamshire County Council contributes £3,500 per year towards the secretariat costs for the N2 EPC. Every Nottinghamshire council makes similar contributions.
22. The requested £40,000 Nottinghamshire County Council contribution towards the £4 million core funding (matched by partner contributions) will be used to produce evidence driven programmes that can compete on the world stage, to meet the Midlands Engine's long-term ambition to drive up productivity and economic growth. This is in addition to supporting a range of activities (secretariat, project development etc.) subject to the decision making of the Executive Board.
23. Local Growth Fund (LGF) funding for the N2 Town Centres Programme has been confirmed at £7.625 million over the period March 2018 to March 2021. Nottinghamshire County Council acts as accountable body for this Programme, for which there are no additional net financial costs to the Council for taking on this role.

## **RECOMMENDATIONS**

It is recommended that Policy Committee:

- 1) Approves £40,000, £20,000 per annum for 2 years, as Nottinghamshire County Council's match funding contribution towards the £4 million core funding of the Midlands Engine Partnership for the period 2018-2020.
- 2) Approves the revenue contribution of £62,500 to support the D2N2 (Derby, Derbyshire, Nottingham, Nottinghamshire) Local Enterprise Partnership (LEP) for the financial year 2018-2019.
- 3) Approves the submission of a request to the Finance and Major Contracts Management Committee for the £62,500 contribution to the D2N2 LEP in 2018/19 to be funded from contingency.

**COUNCILLOR MRS KAY CUTTS MBE**  
**Leader of the County Council**

**For any enquiries about this report please contact:**

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## **Constitutional Comments [SLB 19/04/2018]**

24. Policy Committee is the appropriate body to consider the content of this report.

## **Financial Comments [RWK 02/05/2018]**

25. The report proposes making a contribution of £40,000 towards the core funding of the Midlands Engine Partnership. This contribution will be funded from the existing revenue budget provision for Growth and Economic Development in the sum of £20,000 per annum for 2 years.

26. The report also proposes making a contribution of £62,500 to the D2N2 LEP in 2018/19. A request will need to be submitted to the Finance and Major Contracts Management to approve the funding of this contribution from contingency.

### **Background papers and Published documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- *The Midlands Engine Vision for Growth*, available online at: <https://www.midlandsenine.org/wp-content/uploads/Midlands-Engine-Vision-for-Growth.pdf>
- *The D2N2 Local Enterprise Partnership and the City of Nottingham, Nottinghamshire Economic Prosperity Committee and Midlands Engine Strategy & Action Plan*, report to Policy Committee, 13<sup>th</sup> September 2017, published
- Published reports from the Nottingham and Nottinghamshire Economic Prosperity Committee are available online at: [http://ws43-0029.nottsgov.uk/dmsadmin/Committees/tabid/62/ctl/ViewCMIS\\_CommitteeDetails/mid/381/id/508/Default.aspx](http://ws43-0029.nottsgov.uk/dmsadmin/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/508/Default.aspx)

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

All

## **Appendix A: SIX-MONTHLY UPDATE ON THE D2N2 LOCAL ENTERPRISE PARTNERSHIP**

### **PROGRESS TO DATE**

1. The D2N2 LEP Board meets bi-monthly and in the past 6 months has specifically referenced the following key areas.

### **LEP APPOINTMENTS AND STAFFING**

#### *Staffing Changes*

2. In December, David Ralph resigned from his position as Chief Executive of the LEP. Matthew Wheatley is the appointed as Interim Chief Executive for a six-month period. During this period, Sajeeda Rose has been appointed as Interim Deputy Chief Executive, leading on governance improvement and delivery of capital projects. Richard Kirkland leads on European Structural Investment Funds. David Wallace has been brought into the team on a temporary basis to back-fill capacity and particularly to provide leadership on the refresh of the Strategic Economic Plan and to prepare for the development of a Local Industrial Strategy.

#### *Chair and Board member recruitment*

3. Peter Richardson, the current Chair of D2N2 LEP, has indicated that he wishes a new Chair to be sought when his term expires in July 2018. There are two business Board members whose terms expire in July. In July, the Higher Education Institutions Board seat will move from Professor Edward Peck of Nottingham Trent University to Kathryn Mitchell of the University of Derby. The District Councils in Nottinghamshire and Derbyshire will be asked to confirm their collective representatives on the LEP Board and D2N2 will ask the local authority Board members to formally nominate a Vice Chair from amongst their membership.

#### *Nominations Committee*

4. To manage the recruitment and selection of: new Board members, a new Chair and a permanent Chief Executive, the LEP Board has asked business board member Paul Harris (from Rolls Royce), to convene and Chair a nominations committee. The Committee will be a standing committee of the LEP, overseeing the rolling recruitment and annual refresh of Board membership.

### **GOVERNANCE ACTION PLAN**

5. In recent months, Government has focused on strengthening the governance of Local Enterprise Partnerships to ensure that they can function effectively, particularly in relation to the management of public funds. There has been significant attention from Government on the former Greater Cambridge and Greater Peterborough LEP following issues that were highlighted by the local MP and a report from the National Audit Office and which have subsequently led to an inquiry from the Public Accounts Committee and the liquidation of their LEP.
6. In November, in common with all LEPs, D2N2 engaged in an 'Annual Conversation' with Government officials around the LEP's performance in relation to governance, strategy and delivery. In March, Government formally communicated with LEPs the outcomes of the Annual Conversation process. Overall D2N2 LEP was considered to be requiring

improvement but with elements of good performance. In the 3 specified categories, D2N2 LEP's performance was assessed as:

- Governance - Requiring improvement
- Delivery - Good
- Strategy - Good

7. D2N2 LEP is one of 19 LEPs in the 'requiring improvement' category', with 16 rated as 'good'. No LEPs were rated as 'excellent' and 3 were rated as 'inadequate'.
8. All governance issues identified through the Annual Conversation process have either already been addressed or are scheduled to be addressed this year, as part of the iterative Governance Action Plan. This Plan also picks up the implementation of the recommendations of the Mary Ney Review of Governance and Accountability and those of Derbyshire County Council's independent audit of the management of the Local Growth Fund.
9. In April, D2N2 LEP officials had a 'follow up' meeting to the Annual Conversation with Government officials, which has confirmed the positive progress on improving governance, delivery and strategy work.

## **D2N2 OPERATIONAL PLAN**

10. The D2N2 Draft Operational Plan for 2018/19 has been approved by the D2N2 Board in March. It sets out detailed actions to ensure that D2N2 continues to strengthen its performance on delivery and strategy, with the aim to obtain an at least 'good' overall rating in 2018/19 Annual Conversation. The Operational Plan highlights 10 priority actions and includes a wider set of actions, segmented by theme. The overall corporate priority for D2N2 LEP is to be a good and effective partnership that drives economic benefit for the D2N2 area. To pursue this, our corporate priorities for 2018/19 are to:
  - a) demonstrate a strong record on delivery and managing funding
  - b) implement strengthened governance processes to give Government the confidence to continue to invest in the D2N2 economy
  - c) publish an up to date Strategic Economic Plan to drive activities
  - d) work with partners to
    - i. promote investment to deliver the Strategic Economic Plan, and;
    - ii. develop a clear approach to maximising the benefits from the Government's Industrial strategy
  - e) remain outward looking, responsive to opportunities and collaborative to deliver our shared ambitions
11. The activities within the plan are segmented into five themes that reflect the work that undertaken to deliver the Strategic Economic Plan. The themes are:
  - a) Strategic Leadership and Influence
  - b) Business Growth
  - c) Infrastructure Investment
  - d) Skills and People
  - e) Governance / High Performing Organisation

12. The Strategic Economic Plan includes a commitment to consider the impact of the actions that will be undertaken on crosscutting themes of inclusive growth and sustainability. For each action, the Plan details: what we will do; how; the outcome to be achieved; where it sits within the LEP's governance structure; the lead officer responsible; and the timescale and the budget that the activity will be resourced from. The Plan is available by email or from the D2N2 website at: <http://www.d2n2lep.org/write/Documents/Reports/D2N2-Business-Plan-2017-18-Web-Version.pdf>

## **MINISTERIAL REVIEW OF LEPS**

13. As part of Government's continued focus on strengthening LEPs and considering their role in relation to the Industrial Strategy, there is a Ministerial Review of LEPs currently taking place, which includes assessing the impacts of boundary overlaps to ensure clarity, transparency and representation of functional economic areas.
14. The review is due to be published after the local elections but before parliamentary recess. As it may have fundamental implications for the role and operation of the LEP, the LEP will not implement significant organisational change until after the conclusions of the review and their implications for LEPs are known and understood.

## **REVIEW OF STRATEGIC ECONOMIC PLAN**

15. D2N2 LEP is continuing to review its Strategic Economic Plan, building on an extensive evidence base, including a Science and Innovation Audit and 'deep dive' reviews of Productivity and Inclusive Growth. The SEP will provide a refreshed focus for the LEP's activities and work with partners, as well as a framework for the development of a Local Industrial Strategy (ahead of the introduction of the Shared Prosperity Fund). In the meantime, support will continue with local partners in bidding to funding made available by Government as part of the national Industrial Strategy, such as the Industrial Strategy Challenge Fund and the Strength in Places Fund.
16. The timetable of the review has been slightly elongated to ensure that the incoming Chair of the LEP can oversee the completion of the review. Currently, consultation, particularly with the business community, is scheduled for the early summer, with publication in September.

## **IMPLEMENTATION OF ESIF PROGRAMME**

17. As detailed at 13<sup>th</sup> September 2017 Policy Committee meeting, the D2N2 LEP has responsibility for supporting the commissioning of the approximately €251m (£195.7m) D2N2 European Structural Investment Funds (ESIF) programme 2014-2023 through the D2N2 ESIF Committee. Councillor Reg Adair is the County Council's representative on the ESIF Sub Committee. The funding to date has supported a range of programmes designed to support innovation and business growth and people to find work and develop economically valuable skills. Currently the first 'half' of the D2N2 ESIF Programme is being delivered and 'calls' opened or planned to deliver the final 3 years of the programme.



## **IMPLEMENTATION OF D2N2 LOCAL GROWTH FUND (LGF) PROGRAMME**

18. As a result of successful bids to each round of the Government's Local Growth Fund, D2N2 manages an allocation of over £200m to deliver a range of specified capital projects supporting business growth, job creation, learners and homes across Derbyshire and Nottinghamshire. Final grant awards are subject to a business case approval and contracting process governed by the D2N2 Local Assurance Framework.
19. D2N2 has approved a number of Local Growth Fund Investments in Nottinghamshire since March 2017, as detailed below.

### **Approved LGF Investments in Nottinghamshire since March 2017**

PROJECT NAME	BRIEF DESCRIPTION	LGF INVESTMENT	TOTAL COST
Phase 2 of the A46 Corridor Improvements	Cotgrave Town centre improvements	£1.2M	£5.86M
N2 Towns Programme	Programme of investment in key towns across Nottinghamshire	£7.6M	£13M
Sherwood Visitor Centre	Contribution towards a new visitor centre	£500,000	£6.8M
Nottingham City Hub	New skills hub in the centre of Nottingham	£30M	£58M
Sherwood Energy Village	New industrial units	£500,000	£3.3M

### **Proposed Nottinghamshire projects over the next 6 months**

PROJECT NAME	BRIEF DESCRIPTION	PROPOSED LGF INVESTMENT	EXPECTED TIMESCALE FOR LEP CONSIDERATION
Vesuvius	Infrastructure enabling work to unlock employment land in Worksop	£4.5M	June 2018
MTIF	Medical Technologies Incubation facilities at the Clifton Campus and Boot EZ site	£8.7M	July 2018
A46 Corridor Phase 4	Infrastructure to unlock the Clifton employment and housing site	£3.2M	TBC

Gedling access Road	Infrastructure to unlock housing development	£10.8M	September 2018
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## **D2N2 GROWTH HUB**

20. D2N2 receives funding from Government to operate the D2N2 Growth Hub offers access to support for businesses across the D2N2 area, through direct advice and referrals to specific support programmes appropriate to the needs of the business. The Growth Hub is delivered in partnership with the East Midlands Chamber of Commerce and local authorities, who can support additional capacity in local areas. To enhance the service in Nottinghamshire, the County Council currently supports a Business Support Coordinator, who works closely with business groups across the County, and a Business Advisor, who works directly with businesses.

21. The current profile of businesses assisted by the growth Hub, by local authority areas since inception, is illustrated in the table below:

