



REPORT OF THE LEADER OF THE COUNCIL

THE D2N2 LOCAL ENTERPRISE PARTNERSHIP AND THE CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC PROSPERITY COMMITTEE AND MIDLANDS ENGINE STRATEGY & ACTION PLAN

Purpose of Report

1. The purpose of this report is two-fold:
 - a) To 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 Strategy & Action Plan.
 - b) To seek delegated authority for the Corporate Director, Place, following consultation with the Leader of the Council, the Service Director Finance Procurement & Improvement and Group Manager Legal, Democratic and Complaints, to finalise the agreement with the D2N2 LEP and Derbyshire County Council (as the accountable body for the D2N2 LEP) regarding the Nottingham and Nottinghamshire Town Centre Programme.

Background

D2N2 Local Enterprise Partnership (D2N2 LEP)

2. The Chief Executive of the D2N2 LEP will be presenting to Policy Committee and has produced a report on the work of his organisation which is attached at Appendix A, referencing amongst other matters the Growth Deal 3 (GD3) submission and the announcement by Government of the award of £62.9M of Local Growth Fund (LGF) resources.

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

3. This report is the fourth six-monthly update to be received by members offering an update on the N2 EPC covering the period from March 2017 to September 2017.
4. 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.

5. The EPC is chaired by the Leader of the County Council. All of the Leaders of the local authorities in Nottingham and Nottinghamshire are members, with all the Chief Executives attending in an advisory capacity.
6. The Nottingham and Nottinghamshire EPC has not met since last reporting to this Committee. As there were no decisions to be taken, the meeting scheduled for July was deferred (along with the Joint Leader's Meeting) to the autumn.

The Nottingham and Nottinghamshire Town Centres Programme

7. One of the programmes included within the Growth Deal 3 submission is the Nottingham and Nottinghamshire Town Centres Programme (N2TC Programme) "Unlocking Growth in N2 Town Centres". The N2TC Programme was developed jointly by the Districts, City and County Councils, being designed to bring forward a series of capital investments to improve the viability and economic performance of key town and service centres across the N2 EPC area. The N2 EPC endorsed the programme's inclusion within the wider Growth Deal submission at its meeting on the 22nd July 2016 and the Council considered the details of the Programme at its Economic Development Committee on the 4th October 2016.
8. The N2TC Programme initially sought £12m of LGF resources to support a package of projects designed to address challenging issues within an indicative set of key town centres across Nottinghamshire. In June 2017, confirmation was finally received of the outcome of the wider GD3 submission, confirming an amount of £7.625m had been agreed for the N2TC Programme, to run over the period from March 2018 to March 2021, though an earlier start would be welcomed.
9. The D2N2 LEP's accountable body for LGF resources is Derbyshire County Council (DCC) and both the LEP and DCC are seeking a single programme manager and accountable body for the N2TC programme. It is proposed that Nottinghamshire County Council take on this role, programme managed by the Economic Development Team. The Council will be required to sign an agreement with DCC and to deliver the programme and secure the approval of individual town centre projects in adherence to the D2N2 LEP's Local Assurance Framework, finalised in July 2017. The Framework is designed to ensure the business case for each project is robust, illustrates clear deliverables and offers value for money. It is anticipated that the costs of the programme management role will be met via the total programme budget, supported by a contribution from the N2 EPC's Business Rates Pool.
10. At the time of writing, the overall programme management, legal and financial arrangements are being reviewed and developed. We plan to bring a further report to Policy Committee to update members on the details as soon as is practicable but it is not anticipated that there will be any additional net financial cost to the Council arising from taking on the role of accountable body. While this report requests approval for the County Council to take on this management and accountable body role, it is proposed that this is subject to the finalisation of an agreement with DCC and that this is delegated to the Corporate Director, Place, in consultation with the Leader of the Council the Service Director Finance, Procurement & Improvement and Group Manager Legal, Democratic and Complaints,

Midlands Engine

11. Earlier this year, the Government published its Midlands Engine Strategy. In recent months, the Supervisory Board of the Engine has been considering its response to the Strategy. This work has been wide-ranging and has involved partners from the affected sectors (local government, LEP, Higher Education and Further Education, and the private sector) collaborating on an action plan for the next phase of the Midlands Engine. This work was presented on 8 September to the Midlands Engine Supervisory Board and will now be supported by a range of stakeholder meetings and individual discussions. The action plan will include the following:
- A set of underpinning principles to help define and guide the future work of the Midlands Engine and place it in the context of other initiatives such as the West Midlands Combined Authority
 - A vision for the Midlands Engine
 - A number of key themes (such as transport, innovation, trade and investment) for the Midlands Engine, with high level priorities which can more effectively be achieved by working across the region, and which have a regional impact
 - A “roadmap” towards the delivery of these themes and priorities, which can be used to secure Government and stakeholder approval, and assist in the monitoring and evaluation of progress.
12. Pending approval of this work by the Supervisory Board, it will be presented to the Secretary of State for Communities and Local Government, later in September. At the request of the Chair of the Midlands Engine, Sir John Peace (and with the consent of the Leader of the Council) the County Council’s Chief Executive has been coordinating this work and will be able to offer Members an update at the Policy Committee meeting on 13 September.
13. In parallel to this work, the priorities are being developed in more detail so that discussions can begin with Government departments in respect of requests for funding and how the Midlands Engine can contribute to the Government’s Industrial Strategy. A further, complementary piece of work has been undertaken to ensure that the governance of the Midlands Engine is fit for purpose and inclusive of all stakeholder interests.

Other Options

14. The Council is required to consider this matter in order to enter into an agreement with the D2N2 LEP and Derbyshire County Council as the overall accountable body for the D2N2 LEP.

Reason/s for Recommendation/s

15. To provide information on the D2N2 Local Enterprise Partnership and the Nottingham and Nottinghamshire Economic Prosperity Committee for Policy Committee, as requested by Members in November 2015 and to request the approval to take on the accountable body role for the N2TC Programme.

Statutory and Policy Implications

16. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described in the body of the report.

Financial Implications

17. County Council has contributed £62,500 per year towards the core running costs of the D2N2 Local Enterprise Partnership since 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.

18. 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 area, with a particular focus on companies that demonstrate higher growth potential in the LEP's priority sectors. The Growth Hub has recently benefited from investment through the European Structural and Investment Fund (ESIF) programme and 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 at the Economic Development Committee on 3rd November 2015.

19. The County Council contributes £3,500 per year towards the secretariat costs for the City of Nottingham and Nottinghamshire Economic Prosperity Committee. Similar contributions are made by every Nottinghamshire council.

20. LGF funding for the N2TC has been confirmed at £7.625M over the period March 2018 to March 2021. This represents additional funding to improve the viability and economic performance of key town and service centres across the N2 EPC area. It is proposed that the County Council will act as accountable body for this programme. It is not anticipated that there will be any additional net financial cost to the County Council from taking on this role.

RECOMMENDATIONS

21. It is recommended that Policy Committee:

- a) Agrees to take on the role of accountable body and programme manager for the N2 Town Centre Programme, delegating authority to finalise the agreement with the D2N2 LEP and Derbyshire County Council to the Corporate Director, Place, in consultation with the Leader of the Council, the Service Director Finance, Procurement & Improvement and Group Manager Legal, Democratic and Complaints.

COUNCILLOR MRS KAY CUTTS, MBE
Leader of the Council

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Constitutional Comments [EP 21/07/2017]

The recommendation falls within the remit of the Policy Committee by virtue of its terms of reference.

Financial Comments [RWK 30/08/2017]

The financial implications are set out in the report in paragraphs 8 to 10 and 17 to 20.

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.

- *Establishment of the Nottingham and Nottinghamshire Economic Prosperity Committee*; report to Full Council, 16th January 2014, published.
- *Consultation response: proposal to amend legislation relating to Combined Authorities and Economic Prosperity Boards*; report to Policy Committee, 4th June 2014, published.
- *Economic Development Update*: report to Policy Committee, 10th September 2014, published.
- *Proposals for a Nottingham and Nottinghamshire Combined Authority*; report to Economic Development Committee, 18th November 2014, published.
- *Establishment of the Nottingham and Nottinghamshire Combined Authority*; report to County Council, 15th January 2015, published.
- *Devolution Deal*, report to Policy Committee, 11th November 2015, published.
- *Business Rates Pooling 2013-15*, report to Policy Committee, 11th November 2015, published.
- *City of Nottingham and Nottinghamshire Economic Prosperity Committee and D2N2 Local Enterprise Partnership*, report to Policy Committee, 10th February 2016, published
- *Growth Deal Submission*, report to the City of Nottingham and Nottinghamshire Economic Prosperity Committee – 22nd July 2016
- *City of Nottingham and Nottinghamshire Economic Prosperity Committee and D2N2 Local Enterprise Partnership*, report to Policy Committee, 21st September 2016, published
- *The N2 Town Centre Programme*, report to Economic Development Committee, published 4th October 2016
- *Midlands Engine Trade Mission to China (28 Oct – 4 Nov 2016)* – report to Policy Committee, 18th January 2017, published.
- *Update on the D2N2 Local Enterprise Partnership and The City Of Nottingham and Nottinghamshire Economic Prosperity Committee*, report to Policy Committee, 15th March 2017, published
- *Update on the work of East Midlands Councils*, report to Policy Committee, 15th March 2017, published

The D2N2 Strategic Economic Plan (SEP) is available here:

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

The D2N2 LEP Board Papers are published here:

www.d2n2lep.org/about/board/documents

The D2N2 LEP Growth Deal is published here:

http://www.d2n2lep.org/write/Documents/D2N2_GD3_Funding_Bid.pdf

Up to November 2015, all published reports to the Nottingham and Nottinghamshire Economic Prosperity Committee are available here:

<http://committee.nottinghamcity.gov.uk/mgCommitteeDetails.aspx?ID=416>.

From December 2015, all published reports to the Nottingham and Nottinghamshire Economic Prosperity Committee are available here:

<http://ws43-0029.nottscc.gov.uk/dmsadmin/Meetings.aspx>

The N2 Growth Strategy is available here:

<http://goo.gl/GmjN3o>

The Midlands Engine Strategy is available here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/598295/Midlands_Engine_Strategy.pdf

Electoral Division(s) and Member(s) Affected

All

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

1 Purpose of Report

- 1a To provide Members with an update on the work of both the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP).

2 Background

- 2a The D2N2 LEP is one of 38 other LEPs operating across England providing a central role in establishing local economic priorities and activities to drive economic growth and create prosperity and create jobs.
- 2b Its responsibilities include the preparation and delivery of a Strategic Economic Plan (the Local Industrial Strategy), Local Growth Funding to deliver local infrastructure projects, management and implementation of the European Union Structural Funds Programme, the Derby and Nottingham Enterprise Zone and the D2N2 Growth Hub.
- 2c In addition D2N2 leads the delivery of the Employability Charter and Careers Enterprise programme, Building Better Opportunities programme including Social Inclusion Framework and working directly with Government Departments on the Midlands Engine (and Midlands Connect), the emerging Industrial Strategy, the Shared Prosperity Fund, the implications of Brexit and the Housing White Paper.
- 2d D2N2 also recently worked closely with upper-tier Local Authorities on the Further Education Area based review whose conclusions were published last month – and have been reported separately to the Council - and leads the Executive team on the delivery of the High Speed 2 (HS2) East Midlands Growth Strategy.

3 THE D2N2 LEP

- 3a D2N2 covers an area with a population of more than two million people with a GVA now in excess of £44 billion. The D2N2 LEP is one of the largest LEPs nationally and in its Strategic Economic Plan (published in 2014) set the following targets over the period to 2023:
- support the creation of 55,000 new jobs
 - accelerate the delivery of 77,000 new homes
 - deliver a step change in skills outcomes
 - increase our business base
 - share the benefits of growth across the D2N2 communities
- 3b It's annual review meeting was held in July which included the publication of the annual review (including Key Performance Indicators) and the annual State of the Economy report. These, the D2N2 Strategic Economic Plan (SEP), the Annual Business Plan and other key documents are available via the D2N2 LEP website and is referenced under the Background Papers.

- 3c 2N2 LEP is led and overseen by a public-private-sector Board which comprises high-profile business leaders from across the D2N2 area; local authority representatives; skills and training providers and representatives from community and social organisations. The Leader of the County Council is a D2N2 Board Member and the Chief Executive acts as an advisor. D2N2 Board documents are available online, again referenced under the Background Papers.
- 3d The LEP has in the past worked closely with the Nottingham and Nottinghamshire Economic Prosperity Committee not least in advising the D2N2 LEP on investment priorities for the Nottingham and Nottinghamshire area, in particular with regard to the Local Growth Fund.

4 Progress to Date

- 4a The **D2N2 LEP** Board meets bi-monthly and in the past 6 months has specifically referenced the following key areas.
- 4b **LEP review** – the Board is currently undertaking a review of its operations to ensure it is fit for purpose going forward. An interim report was presented to the Board at its July meeting with a set of recommendations likely to be agreed at the September meetings.
- 4c These recommendations are likely to include:
- A need to strengthen the business contribution at Board level
 - Closer local scrutiny – potentially through local elected Members
 - A single Accountable Body

- 4d The Government has recently confirmed:

“We will be leading a review into the future role of LEPs. As set out in our manifesto we want to explore ways of putting LEPs on a more consistent footing legally, whilst still giving you the freedom and flexibility to attract private sector talent to your boards.

This review reflects our ambition to strengthen the role of LEPs during this Parliament. It is testament to our belief in your institutions and the tangible difference that you have been making on the ground since 2011.”

5 Transparency and Accountability

- 5a In addition, LEPs have been under national scrutiny about ensuring greater transparency and accountability and adherence to both the spirit and letter the Local Assurance Framework in all LEP funded programmes.
- 5b D2N2 was found to be compliant but all 38 LEPs have undertaken directly significant peer review of publication of papers and minutes, Declarations and Conflicts of Interest etc.

- 5c Locally, the D2N2 website has been updated to provide easier access to information including reporting directly on where funding has been allocated and the Local Assurance Process.

6 Growth Deal / Local Growth Fund

- 6a Following a call for business case submissions, appraisal and prioritisation process D2N2's Local Growth Fund 3 allocation of £62.99m - the highest in the Midlands - was announced by HMG in March 2017 to deliver 20 projects totalling some 7000 Jobs, 700 homes and 2000 learners to Derbyshire and Nottinghamshire. The following allocations have been finalised but all remain subject to business case and adherence to the Local Assurance Framework.

Project Name	LGF3 Funding allocations £m
Castleward	1.5
Woodville – Swadlincote Regeneration Route	6.4
Riverside Business Park	3.9
Foundry Park	3.444
Vesuvius	5.5
Sherwood Visitor Centre	0.5
Sherwood Energy Village	0.5
HS2 Strategic Sites	2.4
Silk Mill World Heritage site	3.7
Derby Performance Venue	8.6
Southern Gateway	15
Nottingham Castle	5
N2 Town Centres	7.62
NTU MTIF Centre	8.7
Rail Research and Innovation Centre	0.9
Derby College Institute of Technology	1.3
Confetti CQ Campus	0
Midland Mainline	2.5
Total	77.844

- 6b The project list includes a total over programming figure of £14.85m, this will be funded using the following model.

Funding breakdown	Amount £m
LGF3	62.99
Underspend; LGF1 and 2	4.14
GPF to be allocated to LGF3	4
Funding covered by Upper Tier Authorities	6.714
Total funding envelope	77.844

7 Strategic Economic Plan (SEP) Refresh

- 7a The D2N2 Board have agreed to refresh the SEP with an increased focus on productivity and inclusive growth. While the current SEP runs to 2023, a process to refreshing the SEP in the light of national developments such as the Industrial Strategy, Midlands Engine and the potential implications arising as a consequence of the UK's withdrawal from the European Union and ahead of any Shared Prosperity Fund is being undertaken by many areas.
- 7b Consultation on the revised SEP is due to commence in the autumn overseen by the LEP Board.

8 ESIF Funding

- 8a D2N2 LEP has the responsibility for supporting the commissioning of the D2N2 ESIF programme 2014-2022 through the D2N2 ESIF Committee. There is a notional allocation of approximately €251m (£195.7m) of ESIF Funding for the D2N2 area for this period, comprising;
- €125m (£97.8m) ERDF (European Regional Development Fund) - Supporting business, particularly SMEs. Funding held by DCLG.
 - €118.7m (£92.6m) ESF (European Social Fund) - Supporting people with inclusion, employment and skills. Funding held by DWP.
 - €6.9m (£5.4) EAFRD (European Agricultural Fund for Rural Development) - Supporting economic growth in rural areas. Funding held by DEFRA's Rural Payment's Agency.
- 8b D2N2 has sought to accelerate the benefits of ESI funding by deploying the majority of funding early in the programme period. To date, D2N2 has committed approximately £116.2m, or 59.4%, of its £195.7m funding allocation. The breakdown of commitments by ESI fund is:
- £75.4m of £97.8m ERDF – 77.1%
 - £39.1 of £92.6m ESF – 40%
 - £1.7m of £5.4m EAFRD – 32.4%
- 8c Due to rules around match funding, project values are usually double the ESIF allocation, indicating that D2N2 has already committed to supporting over £200m of activity to support people and businesses in Derby, Derbyshire, Nottingham and Nottinghamshire. D2N2 is currently working to support the successful implementation of the projects to which funding has been allocated. The D2N2 Growth Hub promotes access to ERDF funded support programmes to businesses and the D2N2 Provider Delivery Group supports co-ordination and delivery of ESF funded projects.
- 8d ERDF and ESF projects are usually of a large scale, upwards of £1m in value, and intended to benefit many businesses or individuals. EAFRD awards are smaller scale grants to individual, usually business recipients. Of the roughly £114.5m of ESF and ERDF committed

to date, approximately £102m is for projects that will support businesses and people in Nottinghamshire.

- 8e The UK Government has guaranteed to honour all ESIF contracts signed before the UK leaves the European Union. Therefore D2N2 is working with its partners to plan future calls and commissions to unlock the unspent ESIF funding before April 2019 and fully deliver the D2N2 ESIF Strategy.
- 8f D2N2 LEP, in partnership with Nottinghamshire County Council and the other upper tier local authorities, have accessed ESIF 'Technical Assistance' funding to promote the development of a pipeline of high quality applications to the D2N2 ESI funding allocation.

ESIF Funded Projects in Nottinghamshire

ERDF

Project	Applicant	PA	ERDF (£m)
Catalysing Growth through Research for Transport Equipment Manufacturing	University of Derby	1	1,352.9
Enabling Innovation	University of Nottingham	1	10,142.9
INSTILS (Inspiring Networking to Stimulate Technology Innovation in Life Sciences.)	Medilink East Midlands Limited	1	2,482.4
D2N2 Digital Business Growth Programme	Nottinghamshire County Council	2	3,626.3
SUD	SUD ring-fenced	2	780.0
Internationalising SMEs	East Midlands Business Limited	3	496.5
Midlands Engine Investment Fund (PA3)	Department for Business, Energy and Industrial Strategy ("BEIS")	3	9,744.5
ENSCITE (Centre for supply chain competitiveness in transport engineering)	University of Derby	3	636.8
Invest in D2N2	Nottingham City Council	3	1,041.3
The D2N2 LEP Growth Hub	Nottingham City Council	3	1,272.6
The Prince's Trust – 'BETTER OFF IN BUSINESS' project	Princes Trust	3	691.7
The Creative and Digital Industries D2N2 Consortium for increased SME Competitiveness	Nottingham City Council	3	2,469.0
Food Enterprise Advisory Support Team (FEAST)	Food & drink Forum	3	1,751.8
Growing Enterprise	NBV Enterprise Solutions Ltd	3	1,545.2
D2N2 SME Growth and Innovation Programme	East Midlands Business Limited	3	5,379.5
SUD	SUD ring-fenced	3	5,510.7
Up-Scaler	Nottingham Trent University	3	699.0

Midlands Engine Investment Fund (PA4)	Department for Business, Energy and Industrial Strategy ("BEIS")	4	2,006.5
Environmental Technology Centre 6	University of Nottingham	4	1,586.8
DREeM (Deep Retrofit Energy Model)	Nottingham City Council	4	6,022.4
N2EG (N2 Energy Grants)	Nottingham City Council	4	533.3
SUD	SUD ring-fenced	4	3,510.0
Derby-Nottingham Metro Area Biodiversity	Nottingham City Council	6	3,895.1

ESF

Project	Applicant	ESF Value (£)
SKILLS Local	Learn Direct	£4,725,000
CAREERS Local	Nottinghamshire County Council	£1,731,676
EMPLOY Local	Derby Business College	£4,049,880
YE D2N1	CT Skills	£2,879,650
INSPIRE Local	Working Links	£4,542,324
Financial Inclusion	St Anne's Advice Group	£1,544,250
Multiple and Complex Needs	Framework Housing Association	£2,317,400
Towards Work	Groundwork Greater Nottingham	£3,700,850
Move Ahead	Nottingham City Council	£452,609
Stay Ahead	Nottingham City Council	£651,623
Get Ahead	Nottingham City Council	£841,149
Priority Skills for SMEs	Nottingham Trent University	£996,025
Stay Ahead	Nottingham Trent University	£2,876,228

9 The D2N2Growth Hub

9a In summary, the D2N2 Growth Hub offers the following four services:

- A core 'front line' service offering business across the LEP area access to support through a website and telephone helpline
- A website containing information and signposting to all available business support plus guidance on key business needs
- Advice directly and/or makes referrals to other public and private service by specialism, theme and/or geography
- Tracking and review using a customer relationship management (CRM) system and on-going analysis of this data to facilitate continuous improvement and the further development of the business support offer

9b Nottingham City Council acts as the pan-LEP Accountable Body for the successful ESIF submission and provides the Growth Hub Manager, the 'core service' (jointly provided by East Midlands Chamber and Nottingham City Council). 'Enhanced local services' are provided via local authorities and the Chamber.

9c The dual County Council offer is:

- A Business Support Coordinator – working closely with business groups across the County to respond to inquiries from Nottinghamshire businesses and support the work of the business support programmes in their delivery
- A Business Advisor – to work directly with businesses across Nottinghamshire, focused on those with growth potential

10 HS2 East Midlands Growth Strategy

10a D2N2 heads the Executive team reporting to the HS2 Programme Board as part of its responsibility for overseeing the HS2 Growth Strategy funding.

10b An interim strategy was published in July 2016 and the completed strategy likely to be finalised this month.