

# **N2 ECONOMIC GROWTH STRATEGY**

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# Foreword

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# 1. Introduction

The Nottingham Growth Plan was launched in July 2012 alongside the announcement of the Nottingham City Deal which, taken together, outlined an economic growth strategy setting out an ambitious plan to rebalance and grow the City's economy, and strengthen its resilience. The Nottinghamshire Growth Plan was launched in the following year, setting out a strategy to improve economic performance across the County that would build on its strengths to stimulate growth and create more and better quality jobs.

These Growth Plans set out a programme of economic development priorities and actions focusing on the key strategic aims of supporting enterprise, innovation and business growth; improving the skills of local citizens and increasing access to employment; and improving infrastructure (including critical site development) to support the local economy.

Together, the Growth Plans have often been described as 'two chapters of the same book.' Within a changing national policy context, centred on Local Growth Deals and Devolution (and with much of the initial City Deal funding drawing to a close in 2015) the Economic Growth Board<sup>1</sup> proposed that we should take stock of the existing Nottingham and Nottinghamshire Growth Plans, bringing them together in a single economic growth strategy for the Nottingham and Nottinghamshire area, building on the successes of the original Growth Plans and strengthening our approach where this is needed. The City of Nottingham and Nottinghamshire Economic Prosperity Committee<sup>2</sup> subsequently commissioned the development of this combined strategy for 'N2' – Nottingham, Nottinghamshire and its constituent Boroughs and Districts of Ashfield, Bassetlaw, Broxtowe, Gedling Mansfield, Newark and Sherwood, and Rushcliffe.

## STRATEGIC CONTEXT

Since the launch of the City and County Growth Plans the economic development landscape has evolved both nationally and locally. With economic growth concentrated in London and the South-East, the need to rebalance the national economy has become more widely recognised. The Government has sought to promote local growth through Local Enterprise Partnerships (LEPs) and its devolution agenda. It is against this background that the Government launched its flagship programmes, the Northern Powerhouse and the Manchester devolution deal.

This presents a challenge to both Nottingham and Nottinghamshire, and the wider Midlands. In order to not get 'squeezed out' between the traditionally strong economy of London and the South-East and the emerging Northern Powerhouse, we

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<sup>1</sup> The Economic Growth Board (originally convened as the Economic Resilience Forum in 2009) was comprised of senior private and public sector leaders from the Nottingham area who advised the City and County Councils on strategic economic development issues until its dissolution in 2015.

<sup>2</sup> The Economic Prosperity Committee is a joint committee of City, County and District Councils in Nottinghamshire. It acts as a decision making body on local economic development issues

need to develop – and deliver – a compelling strategic offer that will support sustainable economic growth at the local, regional and pan-regional levels.

At the pan-regional level, the Midlands Engine brings together 11 LEP areas across the East and West Midlands, and is emerging as a counter-balance to the Northern Powerhouse. Its [prospectus](#) (published December 2015) focuses on the five strategic themes of innovation, skills, business finance, transport and promotion, and the ambition is to create 300,000 jobs by 2020 and grow the economy by £34 billion by 2030.

At the regional level, the D2N2 LEP published its [Strategic Economic Plan](#) in 2013, setting out a vision for the Derby, Derbyshire, Nottingham and Nottinghamshire – based on innovation – to create a more prosperous, better connected, and increasingly competitive and resilient economy. It identified a set of priority actions to underpin Local Growth Fund ‘asks’, alongside eight key growth sectors.

At the lower spatial level, there are a number of local and sub-local plans and strategies that enable communities to tackle issues specific to their location, such as Rebalancing the Outer Estates which aims to tackle high levels of unemployment, low educational attainment and social deprivation on the outer estates of the north of Nottingham.

The N2 Economic Growth Strategy is positioned within this context. Collectively, the strategies listed here can be viewed as a set of ‘Russian Dolls’ – the strategic themes and key growth sectors within the strategies are aligned, but it is recognised that issues should be tackled at the most appropriate level. Some challenges will be best addressed at the neighbourhood level, some at the pan-regional level – this Economic Growth Strategy sets out to articulate the issues most relevant to the N2, and proposes a series of actions designed to address these.

## **DELIVERING GROWTH FOR NOTTINGHAM AND NOTTINGHAMSHIRE**

There is much success on which we can build further. A range of projects and programmes have been successfully delivered over the past four years, and as a result the N2 area has seen significant business growth and increases in employment. For example:

- The £10m N'Tech Grant Fund that supported 90 companies in key sectors, leveraging £47m private sector finance and unlocking over 2,000 jobs
- The £5m Nottinghamshire Economic Development Capital Fund, assisting 198 businesses, leveraging £17.3m private sector finance, unlocking over 700 jobs and creating 27 Apprenticeships
- The launch of two LEADER programmes (total value £3.4m) promoting rural economic growth in the North and South of the County
- Business support programmes for:
  - over 300 start-ups through NBV's Ready For Business programme
  - 39 early stage high growth businesses through Next Business Generation
  - 72 growth businesses through Growth 100
  - 122 student entrepreneurs through Inspired in Nottingham

- The launch of the £40m Foresight Investment Fund that has invested over £10m equity into 7 companies to date
- A year-on-year increase in Inward Investment activity, with 9 Foreign Direct Investment 'landings' across N2 in 2015/16, creating 455 new jobs.
- A dedicated conference and events bidding unit that has generated 75,000 hotel bed nights and an economic impact of £14m
- The Jobs Hub has supported over 3,500 into jobs, and now offers a fully integrated (with DWP) service across the area
- The Apprenticeship Hub has supported over 1,500 Apprenticeship starts
- The Say YES to an Apprentice programme has seen over 150 Apprenticeship starts, with 136 SMEs take on their first Apprentice
- The establishment of the Creative Quarter, which has received national and European awards for *Improving the Business Environment*
- The success of the Nottinghamshire Innovation Centres in Mansfield, Newark and Worksop, hosting 100 new businesses with the creation of 570 jobs

In addition, there has been major investment in the area's infrastructure delivering significant improvements, including:

- The £570m extension of the City's tram network, with lines 2 and 3 (to Clifton and Chiwell) opening in 2015
- The £362m upgrade of the A46 from Widmerpool to Newark
- The £150m upgrade of the A453 between Nottingham and the M1, expected to unlock £540m for the regional economy
- The £70m redevelopment of Nottingham Station
- The £31m Better Broadband for Nottinghamshire programme to upgrade digital infrastructure across N2 and increase superfast broadband connectivity, resulting in 98% coverage
- The ring road improvement scheme in Nottingham (£16m), and the planned new Hucknall inner relief road (£12m)
- The new £9m development of the new Mansfield Transport Interchange
- The development of plans to establish Enterprise Zone sites (Boots Campus, Nottingham Science Park and Beeston Business Park), and a Business Investment Zone (Rolls Royce, Hucknall)

We have also established the organisations that will support the N2 economy to continue to grow:

- **Growth Hub** – launched in April 2015 to act as a single point of contact for business support services, with a team of sector specialists acting as account managers for growth businesses, enabling local businesses to easily access the most appropriate support for their needs. The Growth Hub also works with business service providers to help them shape their offer to better match the evolving needs of businesses.
- **Marketing Nottingham and Nottinghamshire** – a new, integrated place marketing organisation that has been established to build the reputation of the City and County, nationally and internationally, and put N2 firmly on the map as a top UK destination for inward investment, tourism and graduate

employment. Bringing together Invest in Nottingham, Experience Nottinghamshire and Nottingham Means Business, it will set out a compelling narrative of what N2 has to offer to investor, business visitor and tourist audiences.

- The **Jobs Hub** – originally launched in 2011 by the City Council as an employer recruitment service for the construction sector, the Jobs Hub has expanded and is working with Jobcentre Plus and Futures to offer an integrated skills and employment offer to both jobseekers and employers. The Jobs Hub's multidisciplinary team now offers a comprehensive job matching and recruitment service to local jobseekers and employers, with a commitment to expand its operations across the N2 area.
- **Futures** operates across the N2 area, providing jobs and skills advice, training, apprenticeships and support to young people and adults who need help preparing for work or training. They are a key delivery partner in the Jobs Hub and also operate the National Careers Service locally.
- The **N2 Skills and Employment Board** was established in 2014 to provide private sector leadership on the skills and employment priorities for N2. It has strategic responsibility for making sure the skills and employment support landscape across N2 best supports business growth and job creation, to create and grow the highly skilled workforce required to support the economy now and in the future.

## DELIVERING FUTURE GROWTH

Whilst N2 has seen significant job growth over the past few years – 12,000 new jobs were created between 2009 and 2014, an increase of 2.4% – there is more still to do. There is a growing need to create better jobs. To do this we need to focus on the next big challenge of improving productivity in the local economy.

The N2 economy continues to have an over-reliance on the public sector, professional services and retail for employment and its economic wellbeing. The Growth Plans set out a strategy to rebalance the local economy, increasing its diversity and thereby increasing its resilience to future economic shock.

This Economic Growth Strategy aims to continue this long-term structural realignment of the local economy. It sets out a clear and cohesive economic development strategy for N2, building on existing plans and actions, and providing an underpinning rationale that will enable us to secure resources and deploy capacity to deliver our economic growth ambitions.

In this document we set out:

- Our analysis of the drivers of economic growth
- N2's economic context
- Our vision, mission and strategic themes
- Proposed actions
- A plan for implementation



## **2. Drivers of Economic Growth**

Over the long term there are four key pillars or determinants of economic growth: productivity; labour force participation; sectoral mix of the economy; and infrastructure. These determinants don't exist or operate in isolation from one another but each pillar is underpinned by a number of key drivers and the N2 Economic Growth Strategy is designed to increase economic growth by targeting each of the key drivers.

### **PRODUCTIVITY**

Over the long-term, improvements in productivity performance will increase the competitiveness of the N2 economy and make the largest contribution to increases in economic growth. Key drivers of productivity are: enterprise; skills; exporting; innovation; investment; and competition.

### **LABOUR FORCE PARTICIPATION**

Labour force (market) participation includes all those who are employed or unemployed and actively seeking work. The participation rate therefore shows the percentage of a given population that are engaging with the labour market. Increasing the number of people in employment adds to the productive capacity of the economy and makes better use of our human capital potential. It also improves the standard of living of those moving into employment and supports a more equitable distribution of the benefits of growth.

Key drivers of labour force participation include:

- Demographic factors such as the birth rate, age, gender, ethnicity and net migration as well as disability and health
- Education, skills and aspirations; and work incentives and social attitudes to work.
- Labour market demand, especially the availability and accessibility of employment and wages/salaries.

### **KEY SECTORS AND INDUSTRIES**

The sectoral structure of the local economy is an important factor in its ability to respond effectively to economic shocks and to capture and capitalise on economic growth opportunities. The structure of a local economy – its key sectors and agglomeration effects in particular – can also have an important impact on productivity growth. Certain sectors offer particular opportunities for growth – in all or part of that sector – due to existing comparative advantages or through the potential to capitalise on N2's economic assets.

Previous economic research has identified a set of economic sectors which are of particular significance to the N2 local economy and which offer good prospects for further growth in GVA and/or employment. We refer to these later in this document.



Concentrations of economic activity in particular geographic locations can come about via what are termed agglomeration economies (or externalities) which refer to a variety of possible linkages, interactions and spill-overs between enterprises in a similar location and, quite often, a sector as well. Agglomeration effects can facilitate improved productivity growth both directly and indirectly (e.g. by increased infrastructure investment and improved labour force engagement).

## **INFRASTRUCTURE**

To grow, the N2 economy depends on:

- Efficient movement of people, goods and information, via effective and reliable transport and communications networks at competitive prices, to provide access to markets and suppliers;
- A sufficient supply of high quality and affordable housing to support a growing population, as the local economy and employment opportunities expand; and
- Readily available water, electricity and gas supplies, again at competitive prices.

Infrastructure is therefore a key underpinning driver of growth and has significant implications for the productive capacity and competitiveness of the economy.

The institutional infrastructure of the local economy also plays a vital role, especially universities and colleges, business support providers; and a wide array of intermediaries and specialist facilities. And, of course, local authorities.

### **3. N2 in Context**

#### **NATIONAL ECONOMIC CONTEXT**

The UK economy slowed a little in 2015 but domestic demand growth remains relatively strong, helped by lower oil prices. The global outlook remains mixed with a gradual pickup during the year in the US and the Eurozone, but a slowdown in China, recessions in Russia and Brazil, and increased volatility in emerging markets more generally.

The much sought after rebalancing, from consumption to investment and exports, remains elusive. The strength of Sterling coupled with a weak global economy are largely responsible for the lack of export growth. With investment not having increased substantially, this means that much of the growth impetus has come from consumer spending on services. Consumer spending has grown relatively strongly over the past three years due to strong employment growth, low mortgage interest rates and higher personal income tax allowances. All of these have boosted household disposable incomes, although real cuts in working age benefits have partly offset these factors. In addition, increased confidence and borrowing since mid-2012 have been reflected in a declining savings ratio, giving a significant additional boost to real consumer spending growth.

Looking ahead, the UK recovery is still exposed to downside global risks related to possible problems in China and some other large emerging economies spreading to a more general loss of confidence in international financial markets. However, there are also upsides include the continued feed through to consumers of the benefits of low oil prices as well as falling unemployment and recent signs of stronger earnings growth in the UK.

The Office for Budget Responsibility (OBR) recently trimmed its UK growth forecast for 2015 to 2.4%, reflecting the weaker than expected start to the year and a small drag from the in-year public spending cuts. It left growth unchanged at 2.3pc in 2016 but raised its growth forecasts to 2.4pc for 2017 through to 2020, with the UK economy expected to receive a boost from the slower pace of fiscal tightening. These OBR forecasts are consistent with those recently made by the International Monetary Fund.

#### **STATE OF THE N2 ECONOMY**

The N2 economy has undergone major structural changes in the past 30 years. The area is comprised of the City of Nottingham in the south, and the former coalfield towns and villages in the north of the County. Nottingham – and the surrounding urban and suburban areas – was traditionally a manufacturing centre, the home to world renowned companies like Raleigh and Player's. Since the decline of the manufacturing industries in the 1980s, the strength of the City's economy was increasingly based on the services sector – business and professional services, public services, and retail. The County's traditional strengths, centred around the dominance of the mining industry, lay in manufacturing and agriculture as well as coalmining. Since the decline of the mining industry, the area has seen a rise in food and drink manufacturing, as well as engineering, logistics and the rural visitor

economy. The rural areas are home to a predominance of privately owned small businesses, with one third employing fewer than four people and having a turnover in the region of £250k. Manufacturing businesses are proportionately more highly represented in rural areas, and there is a significant opportunity to support the growth of rural areas in traditional and non-traditional sectors.

More recently, the N2 economy has shown signs of a steady recovery, with an increase in the employment rate and significant fall in the number of people claiming out of work benefits, and whilst these continue to lag behind the national average the gap is narrowing. However, improvements are uneven and there remain pockets of significant deprivation across N2.

## **KEY ECONOMIC CHALLENGES FOR N2**

Our assessment of the economic context and performance of the N2 economy (see Table 1) has enabled us to identify the following key strategic challenges to be addressed:

### *Weak Economic Growth*

The N2 economy was worth £21.7bn in 2014, accounting for 1.6% of England's GVA. The local economy grew by 38% between 2004 and 2014, below the England average of 45%.

### *Low Productivity*

GVA per hour worked is the most widely used productivity indicator. There remains a persistent and significant gap in productivity levels between England and N2. In 2014, N2's GVA per hour (£26.5) was far lower than the England average (£31.5).

### *Insufficient Business Start-Ups*

The rate of new enterprise formation is below average – the business birth rate in N2 was 12.9% in 2014 compared to the England average of 14%, although the 3 year survival rate of start-ups in N2 is on a par with the national average (60%).

### *Under-Performing Labour Market*

There are three key labour market indicators where N2 performs consistently below the national average: the Employment Rate, Job Seekers Allowance (JSA) Claimant rate and Out of Work Benefits rate.

Worklessness remains a significant problem for many N2 residents and households: N2 has an above average proportion of workless households – households in which no one is in work. In 2014, 42,000 (16.8%) of N2 households had no adult in work compared with 15.8% for England. While the number of people in England claiming JSA for over 6 months was 11.6% higher in October 2015 compared to 2008, the number was 33.8% higher for N2.

**Table 1: N2 Economic Scorecard**

INDICATOR	KEY INDICATOR	N2's ECONOMIC PERFORMANCE
<b>GVA</b>	Total GVA £	N2's GVA (overall economic activity/performance) was worth £21.7bn in 2014. This had increased by 13% since the outset of the recession in 2008, lower than that for England as a whole (20%).
<b>GVA per capita</b>	GVA per capita £	GVA per capita in N2 in 2014 (£19,800) was 22% lower than the national average (£25,400). N2's GVA per head has risen by 7% since 2008 compared with 14% nationally.
<b>Productivity</b>	GVA per hour £	GVA per hour was £26.5 in N2 in 2014, significantly below the national average (£31.5).
<b>Employment</b>	Employment Rate: people in paid work as a % of 16-64 yr olds	N2's employment rate in 2015 (71%) is significantly below the England average (73.3%). Since 2008, N2's employment has increased by 3.7%, slightly above the England average of 3.5%.
<b>Unemployment and Worklessness</b>	JSA claimant rate % Out of Work Benefits rate %	In October 2015, N2's JSA claimant count (unemployment) rate was 2.0% compared with the England average of 1.5%. The rate at which JSA unemployment fell between 2008-2015 was higher for England(-35%) compared to N2 (-19%). The incidence of long term (over 6 months) unemployment is higher in N2 (0.9%) compared to England (0.7%). The proportion of N2 residents claiming Out of Work Benefits (10.5%) exceeds the national average (9.1%). The rate at which people claiming OOWBs has fallen was quicker for England (-13%) compared to N2 (-10.5%) between May 2008-2015.
<b>Earnings</b>	FT average annual (mean) earnings (residence based) £	At £28,980, average annual earnings in N2 are £5,280 (15.4%) below those for England (in 2014).
<b>Household Disposable Income</b>	Gross Disposable Household Income per head £	Household Disposable Income per head (a good indicator of economic welfare) in N2 (£14,600) was 18% below the national average (£17,800) in 2013. Although GHDl per head increased by 7% in N2 between 2008-2013; this was significantly below that achieved for England as a whole (13%).
<b>Business Stock</b>	No. of active enterprises per 10,000 population aged 16+	N2 (376) is significantly below the England average (508); 2014 figures.
<b>Business Start-Ups</b>	No. of businesses registering for VAT as a % of the active business stock (start-up rate)	The business birth rate in N2 was 12.9% in 2014 compared to the England average of 14%.
<b>Business Survival rates (after 3yrs)</b>	3 year survival rate for start-ups founded in 2011	The N2 3 year survival rate was 59.9% compared to an England average of 60.4%; but the City's survival rate is significantly worse at 56.7%.
<b>Skills</b>	% 16-64 yr olds without qualifications	The percentage of 16-64 year olds in N2 with no qualifications was 11% in 2014 compared with 8.6% for England.
	% 16-64 yr olds with NVQ2 or above	The proportion of 16-64 year olds with NVQ4+ qualifications in N2 (31%) is on a par with the national average (36%).

### Earnings and Income Levels

Lack of local spending power is a key constraint to the local economy and a significant factor in explaining relatively high levels of multiple disadvantage. Average workplace based earnings in N2 (£28,920 in 2015) are significantly below the average for England (£34,200).

Between 2008 and 2015, the rate of increase in average earnings was 6.8% in N2 compared with a rise of 5.7% for England. N2 disposable household income per head is significantly below the England average, by around £3,000. The rate of growth in N2 household income (7% over 2008-13) was below the England average (12.9%).

### Shortage of Qualifications and High Level Skills

Although N2 has seen a rise in the percentage of 16-64 year olds with NVQ4+ qualifications since 2008, both the City and the rest of Nottinghamshire remain below the average for England. Conversely, although the percentage of adults without qualifications in N2 has fallen steadily in recent years, it remains above the England average.

### Acute Multiple Deprivation

Many individuals and families in N2 continue to face multiple disadvantages. The Index of Multiple Deprivation 2015 showed Nottingham City as being the 8<sup>th</sup> most deprived Local Authority in England out of 326 Districts, a fall of 12 places from its position as the 20<sup>th</sup> most deprived LA in 2010, and there are significant pockets of multiple deprivation in some town centres and rural areas across the County.

## **GROWTH SECTORS AND CLUSTERS**

A key aim of the N2 Economic Growth Strategy is to increase the number of well-paid and secure job opportunities across N2 as a whole, and to increase the number of people who are active in the labour market. The focus will be on stimulating private sector job growth as against this backdrop we expect there will be further reductions in public sector employment over the next several years.

Certain industrial sectors offer particular opportunities for growth (in all or part of that sector) due to existing comparative advantages or through the potential to capitalise on N2's economic strengths. These sectors have the potential to drive sustainable growth in the long-term through the development of N2's assets and comparative advantages, and through their potential to be successful in global markets. The following sectors have the potential to deliver a scale of growth in GVA and/or employment over the long term which will have a transformative impact on the N2 local economy.

At the local level, the existing Growth Plans have identified sectors where the local area has a competitive advantage and sought to build and strengthen these in order to rebalance the local economy and increase its resilience against future economic shocks. The Economic Growth Strategy for N2 will also do so. The D2N2 Strategic Economic Plan (SEP) identified eight priority sectors of strategic importance to the

local economy, and in addition Health and Social Care has been identified as a priority sector for N2. This strategy will continue and strengthen the focus on supporting and strengthening the identified key sectors (see Table 2).

Business clusters are geographic concentrations of industries related by knowledge, skills, inputs, demand, and/or other linkages. Clusters develop in particular locations as a result of supply chain linkages which bring closer together the producers of raw materials, the manufacturers, distributors and specialist retailers backed by the education sector and specialist service providers. Examples include: the Enterprise Zone sites at Boots Campus, Nottingham Science Park and Beeston Business Park; BioCity; Southglade Food Park; the Creative Quarter; and Worksop Creative Village.

**Table 2: Key Growth Sectors**

Sector	Overview	Key Drivers of Change
<b>Agri. Food and Drink Manufacturing</b>	The food and drink supply chain consists of farmers, primary processors through to manufacture, wholesale, foodservice and retail. A key sector with a workforce of almost 10,000 and a GVA of around £450m. N2's locational strength and access to raw materials are key advantages. Self evidently important to the rural economy and communities.	Increase investment in R&D and capital equipment/ technology; boost exports; address skill shortages; and sustainable production and climate change.
<b>High Value Manufacturing</b>	A sector with a strong export orientation which is also exposed to global competition and which covers knowledge intensive engineering, engineering, automotive, aerospace, electronics, defence and ICT, which tend to result in high value products which contribute to growth and increased competitiveness. This also includes medical technologies. N2 employment of 18,000 and GVA of £1,160m.	Continuing driver for higher productivity; product/ process diversification and innovation; skills attraction and retention.
<b>Transport and Logistics</b>	A lynchpin of the economy, especially for manufactured goods and retail. The sector comprises both freight and passenger transport and specifically: land transport and transport via pipelines; warehousing and support activities for transportation; other postal and courier activities; and water and air transport. N2 is ideally located for transport, logistics and storage operations. Accounts for 14,600 jobs and has a GVA of £660m.	Introduction of new technologies; skills gaps and shortfalls (e.g. LGV drivers); HS2 and Toton; shifts in consumer demand and purchasing; energy costs; environmental challenges.
<b>Digital Technology and Creative Media</b>	A sector which has had significant growth in recent years and which comprises digital technology, and creative activities. Employment in N2 of 16,700 and GVA of over £2,000m. Skill shortages have emerged as a key growth barrier. Retaining successful creative businesses in N2 could become a challenge.	Skills; advances in digital technology and the Internet of Things; exploiting export opportunities; prone to cyclical conditions in the macro economy; shortages in suitable workspace for start-ups and small enterprises.

<b>Visitor Economy</b>	This sector depends a great deal on the performance of the economy as a whole as well as factors that affect visitor numbers from within and outside the UK. It's also a very dynamic sector which is subject to constant change and it supports a great many micro and small firms as well as some major employers. Employing over 40,000 people in N2 and with a GVA of over £500m this is a significant employment sector. Important to the rural economy and communities.	Macro economic conditions; exploiting developments in new technology/social media; addressing skill shortages; image of some parts of the sector needs to be improved; investment in infrastructure; linkages with retail and town centre vitality as well as the City.
<b>Life Sciences</b>	A dynamic sector which covers activities such as medical technology, medical biotechnology, industrial biotechnology and healthcare products and services. Employing 3,500 in N2 and with a GVA of £250m.	Digital, communications and other technological developments; increasingly global outlook; access to investment finance and small business advice; pressures on healthcare budgets coupled with rising costs; skills retention; mergers and acquisitions leading to shifts in investment elsewhere.
<b>Health and Social Care</b>	The health sector in N2 is already a very major employer with activities ranging from high level research and medical product manufacture, through to employment in the NHS, and in a significant and growing health and social care workforce which is increasingly migrating from the public to private sector. The sector employs 45,000 in N2 and has a GVA of £320m. There is no doubt that the social care and health economy will grow, driven by the increase in the proportion of older people in the population. There are clearly synergies with the Advanced Manufacturing and Technology sector, for example developing mutual benefit from partnering with medical technologies and ICT industries.	Funding of healthcare; public/private healthcare; demographic changes; political developments; developments in bioscience, pharmaceuticals and technology; the choice agenda; and societal trends.
<b>Construction</b>	Construction encompasses all business activities related to the planning, design, construction, operation, and maintenance of the built environment. The industry has always had a tendency to be national and local in its focus but is strongly affected by macro economic trends and policy developments. Employing 24,000 with a GVA of £1,200m in N2. It has a high degree of interdependence with other sectors and professions.	People and skills retention; access to finance; and innovation and supply chain capability; and Government policy and legislation.
<b>Low Carbon</b>	This 'sector' includes technologies and services that control and prevent environmental damage, including reducing carbon emissions, renewable energy and materials collection and treatment. There is demand for low carbon and environmental goods and services to meet the UK's carbon reduction target of 80% by 2050. Estimated GVA of £975m and employment of 22,000 in N2.	Policy and legislative change; investment in Grid connection and renewable energy technologies; wider technological advances affecting businesses and households; exporting and trade; growth in recycling; addressing skill shortages; and infrastructure and housing investment.

## N2 Economy: S.W.O.T. Analysis

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Location and connectivity to the rest of the UK, Europe and beyond</li> <li>• Strengths in high value growth sectors: digital content, life sciences and clean technology</li> <li>• Major transport investments e.g. Tram Network and Station Hub; HS2</li> <li>• Energy Strategy – including development of Robin Hood energy company – one of the most ambitious programmes in UK</li> <li>• Research capacity and talent emerging from our Universities and colleges</li> <li>• Private sector commitment to N2 – e.g. Nottingham Means Business, Nottinghamshire Business Engagement Group</li> <li>• BioCity – largest BioPharma Incubator in Europe</li> <li>• A gradual increase in the size of the N2 labour force with high level qualifications/skills</li> <li>• Very high coverage rates for superfast fibre broadband within N2, with most areas reaching in excess of 98% by 2018</li> <li>• Diverse community with many attractive places to live scoring consistently highly on national measures.</li> <li>• Affordable living costs and good quality of life opportunities.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Development of high growth sectors</li> <li>• European Structural and Investment Funds allocation</li> <li>• Enterprise Zone status and bids for further sites</li> <li>• Devolution</li> <li>• Strong partnership working with the establishment of a D2N2 Combined authority</li> <li>• Young workforce and high student numbers</li> <li>• Role of Universities in helping to build on local economic strengths</li> <li>• Improvements to road networks – A453, A46 and major investment in employment and housing along the A46 corridor</li> <li>• Major capital schemes on the horizon including the Gedling Access Road and Hucknall Inner Relief Road</li> <li>• HS2 – high speed rail link and station at Toton</li> <li>• Visitor economy assets and the development of a new Place Marketing Organisation for N2</li> </ul>
<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Low productivity and relatively high incidence of skill shortages and gaps.</li> <li>• Enterprise birth (start-up) rate and survival rates relatively low</li> <li>• High levels of welfare dependency and youth unemployment</li> <li>• Employment base heavily skewed towards the public sector</li> <li>• Employment Rate well below average for England and the East Midlands</li> <li>• Workplace (average) earnings are significantly below the England average</li> <li>• Lack of office space &amp; other key employment sites</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Demographic change – an increasing and more diverse but ageing population</li> <li>• Anticipating skills needs and addressing skill shortages within key growth sectors</li> <li>• Stimulating demand for jobs and skills within priority sectors which offer the greatest potential for wealth creation.</li> <li>• Changing role of high streets and level of vacant premises</li> <li>• Public sector spending cuts until at least 2018</li> <li>• Inconsistent national energy policies</li> <li>• Disengagement of peripheral outer City estates and rural communities</li> <li>• Sustainability of some town centres over the long term</li> </ul>



## 4. Vision, Mission and Strategic Priorities

Our **Strategic Vision**<sup>3</sup> is to ensure that N2 becomes the major driver of economic growth and prosperity in the regional economy. By realising this Strategic Vision we will harness the resources and assets we have at our disposal, develop them further and use them in ways that achieve sustainable economic growth to the benefit of all our citizens and employers.

Our **Mission** is therefore to increase the productive capacity of the N2 economy over the longer term and we recognise that the overriding strategic priority in that regard is to boost productivity. Over the long-term, improvements in productivity performance increase the competitiveness of the economy and make the largest contribution to increases in economic growth and living standards.

Our Economic Growth Strategy is based on three strategic generators of economic growth each of which is underpinned by cross-cutting strategic enablers which contain within them the keys to achieving our Vision for N2. The three generators do not operate in isolation but interact and reinforce one another. We should also remember that longer term megatrends will also play their part in shaping the future of the N2 economy.

The **Strategic Priorities (or Themes)** within three main elements of the NGS are specified below:

### Enterprise and Innovation

#### ***More enterprises, more resilient enterprises, and more enterprises realising their growth ambitions***

- We want to embed a culture of entrepreneurship, leadership, creativity and international ambition, especially amongst young people.
- We want more business to start-up and survive.
- We want to help SMEs with growth potential to overcome barriers and achieve that potential.
- We want to see more businesses – especially SMEs – engaged in international trade.

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<sup>3</sup>We wholly endorse and support the Vision of the D2N2 Strategic Economic Plan:

*“Our Vision is that D2N2 will become a **more prosperous, better connected, and increasingly competitive and resilient economy**, at the heart of the UK economy, making a leading contribution to the UK’s advanced manufacturing and life sciences sectors and generating significant export earnings for UK plc. We will create a D2N2 which provides a great place to live, work and invest.”*

- We want a research and business base that supports innovation in products, processes, systems, services, technologies and structures within key growth sectors and, more broadly, across the private, public and education and training sectors.
- We want to support enterprises in sectors which underpin long term prosperity by adding economic value and employment opportunities.
- We want to diversify and rejuvenate our small business base by supporting sustainable social enterprises and trading Third Sector organisations.
- We want to attract more high quality investment projects and companies from elsewhere in the UK and overseas which help to diversify and strengthen the economic base.
- We need to ensure we have an accessible and high quality infrastructure for business support, reflective of the diversity of our business base and population, and relevant to local challenges, sectors and opportunities.
- We want to see more businesses successfully make the transition to a low carbon 'footprint' and, more broadly, to become 'smarter' businesses and entrepreneurs.

## **People and Skills**

### ***Greater employability, more flexibility, higher level skills leading to higher productivity and incomes***

- We want to increase labour market participation by helping more people to overcome barriers (including health and disability) which affect their capacity to work and remain in employment.
- We want to expand the knowledge economy and develop and retain the talent on which it crucially depends.
- We want to stimulate the take up and efficient application of business investment, especially in relation to the take up and adaptation of new technologies and investment in workforce development.
- We want to encourage schools, colleges and universities to work together more collaboratively, and with employers and communities, to help inspire success.
- We want to see more young people and adults gaining access to higher level technical and employability skills which are so important to achieving improvements in productivity and higher standards of living.
- We want to improve the alignment of education and skills provision with employer needs to create a sustainable demand led system.

- We want to maximise the benefits of the Apprenticeship Levy.
- We want to see more employment and learning opportunities created to promote inclusion and reduce inequality.

## **Infrastructure and Connectivity**

### ***More investment, improved communication and mobility, stronger and safer, more reliable***

- We want to secure long term improvements in N2 infrastructure that serves economic and social needs while preserving and enhancing the environment.
- We want to significantly improve the quality, reliability and accessibility of connectivity across N2, especially with regard to road, rail and digital connectivity.
- We want to realise our collective ambition for 100% coverage of superfast broadband across N2.
- We want to maximise the benefits of HS2, including opportunities for employment and skills development associated with HS2, housing and regeneration sites in the Toton area, and connectivity to the HS2 Hub.
- We want to deliver key strategic sites to meet likely and existing demand from new start-ups, SMEs with growth potential, major companies and potential inward investors.
- We need to cut congestion and uncertainty over travel times, and reduce delays which increase travel to work or to places of leisure and recreation across N2.
- We need to promote transport and pedestrian safety and to reduce injuries and fatalities associated with transportation in all its forms.
- We want to ensure the development high quality and affordable housing to support a growing population, as the local economy and employment opportunities expand.<sup>4</sup>
- We need to work collectively and sustainably to optimise the development and deployment of our physical, cultural and environmental assets.
- We need to continue to invest in the learning environment – ensuring our school, college and university buildings are modern learning facilities that

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<sup>4</sup> Whilst closely aligned to economic development, housing is not directly included within the scope of this Economic Growth Strategy.

meet the needs of education in the 21st Century, benefiting pupils, teachers, researchers and the local economy.

## 5. Proposed Actions

Under the three themes of Enterprise and Innovation, People and Skills, and Infrastructure and Connectivity we are setting out a series of ambitious, yet achievable, programmes of action that will enable us to deliver our vision. These programmes will build on the existing Growth Plans, by continuing to deliver and also by extending and/or enhancing existing programmes, projects and schemes. These programmes will also include new activities and proposals to address new challenges and gaps in existing provision that have been identified.

### 1. ENTERPRISE AND INNOVATION

We aim to foster a culture of entrepreneurship, creativity and ambition, making N2 the best place in the country to start or grow a business.

#### *Programme 1.1 Access to Finance*

The **Foresight Nottingham Fund** is a £40m equity investment fund, established in 2013 to invest in high growth businesses with a focus on Nottinghamshire and Nottingham. The Fund has been set up to provide investment and support to businesses in the Nottinghamshire region, to stimulate enterprise, to create jobs and to attract inward investment to the region, and is actively looking to invest up to £2m in high-growth businesses.

The **N2 Business Growth Fund** was launched in September 2015 as a successor programme to the N'Tech Grant Fund. The £6m grant fund is open to businesses in all sectors – but with a focus on key sectors of life sciences, digital content, clean technologies and advanced manufacturing and offers grants of between £20k and £250k for businesses seeking to grow via capital investment in equipment or infrastructure, exploitation of intellectual property and new technologies.

The **Midlands Engine Investment Fund** is a £250m pan-regional 'fund of funds' that is being set up to invest in SMEs across the East and West Midlands. A range of **grant and loan finance** for start-ups and existing businesses is also available through **First Enterprise Business Agency, Nottingham Business Venture** and **local authorities**.

#### *Programme 1.2 Business Support*

The **Growth Hub** was launched in April 2015 to act as a single point of contact for business support services, with a team of sector specialists acting as account managers for growth businesses, enabling local businesses to easily access the most appropriate support for their needs. The Growth Hub also works with business service providers to help them shape their offer to better match the evolving needs of businesses.

A further £34m of business support provision is currently being developed through the European Structural Investment Fund (ESIF) framework. These funds will provide a range of bespoke business support programmes focused on the **Creative Industries, Low Carbon and Life Sciences** sectors. Further business support will

be funded through the **Sustainable Urban Development** (SUD) fund, and targeted support for **Innovation**. The **ICT** programme will help small and medium-sized firms and social enterprises grow through smarter use of ICT. Collectively, these funds will support businesses to achieve their growth potential – from start-ups through to early-stage and more established businesses.

We will also seek to strengthen the role of SMEs in the local economy by continuing to open up the **public procurement** process to support an increased spend with local suppliers, and by facilitating **supply chain** collaborations to enable SMEs access to larger markets. Manufacturing is reshoring and N2 will push this along through access to finance and skills and an industrial policy committed to ‘bringing it home’. We will work in partnership with businesses to develop an understanding of manufacturing location choice drivers, align them with N2’s location ‘benefits’ and communicate the resulting location value propositions to investing businesses.

### **Programme 1.3 Investment and Reputation**

A new, integrated **Place Marketing Organisation (PMO)** is being established to build the reputation of the City and County, nationally and internationally, and put N2 firmly on the map as a top UK destination for inward investment, tourism and graduate employment. Bringing together Invest in Nottingham, Experience Nottinghamshire and Nottingham Means Business, the PMO will set out a compelling narrative of what N2 has to offer to investor, business visitor and tourist audiences. It will seek to maximise private investment and optimise other public sector funding in order to deliver an ambitious marketing strategy.

The PMO will help to shape the N2 ‘offer’ to address gaps in office and hotel accommodation and visitor attractions. Key landmark projects that have been identified include the redevelopment of the **Sherwood Forest Visitor Centre** and **Nottingham Castle**, and the development of a **Conference Centre** to enable Nottingham to establish itself as a major UK conference destination.

International trade and investment opportunities have been identified and are being vigorously pursued through the **International Strategy** which focuses on promoting export growth and attracting foreign direct investment. N2 is already seeing the benefits of the strong links it has forged through developing relationships with Punjab (India), Ningbo (China) and Karlsruhe (Germany), and is exploring the possibility of working more closely with the USA.

## **2. PEOPLE AND SKILLS**

We aim to create and grow the highly skilled workforce required to support the economy now and in the future, while significantly reducing overall worklessness. To realise this vision the N2 Skills and Employment Board has set out four priorities<sup>5</sup>:

- Making the skills and employment delivery landscape simpler and more accessible

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<sup>5</sup> see <http://www.n2skillsandemployment.co.uk/reports/n2-skills-employment-framework-2015-2020/>

- Developing an ‘early years to employment’ approach to prepare our young people for the world of work
- Delivering pathways to employment to prepare and reintroduce unemployed and disengaged people into the labour market
- Ensuring local people develop higher level skills to support business productivity and competitiveness and fulfil their own potential

### ***Programme 2.1    Employment***

The **Nottingham Jobs Hub’s** integrated (City Council, Futures and Jobcentre Plus) multidisciplinary team offers a comprehensive job matching and recruitment service to local employers, and maximises job opportunities for local people, as well as operating an Apprenticeship Hub service and directly supporting (part-subsidised) employment through the **Nottingham Jobs Fund**. The Jobs Hub is seeking to expand its operations across the N2 area, through the support of ESIF funding (Employ Local).

Across Nottinghamshire local authorities and partners provide a range of employment and skills support for residents, including Apprenticeships, work experience, jobs and apprenticeship fairs, and job clubs in more rural locations.

Pathways to employment focusing on re-engaging unemployed and disengaged people through pathways that prepare and reintroduce them to the labour market will be funded through the current **ESIF** programmes such as **Inspire Local** and **Building Better Opportunities**. These will include, for example, a programme intensive support and personalised mentoring and coaching for people who are currently not progressing towards work, designed to keep them engaged and help them overcome barriers to progression; and incentives for employers to provide jobs and training for people who have been out of work for over 6 months.

### ***Programme 2.2    Skills***

We are working with Government to ensure that the **Apprenticeship Levy** is maximised locally, and local public sector bodies will work together to ensure that they meet targets. Employer incentives and support are provided through Jobs Hub, with simple pathways with support at each stage ensuring local businesses can make the most of opportunities to engage with Apprenticeships. We are also working with key sectors to ensure that Apprenticeships are tailored to meet sectoral needs and standards.

New College Nottingham and Central College are working in partnership to establish a new **FE Skills Hub** in the City. The two colleges will deliver a joint curriculum offer from this Hub which will be aligned to demand from local employers. This joint approach to the local FE offer has the potential to create a more cohesive and efficient curriculum, improve progression rates and facilitate further collaborative working arrangements, and we are working with Government to gain greater local control over **Adult Skills Commissioning** so that local skills provision can better meet the needs of local employers and the local economy.

**Vision West Nottinghamshire College** works with the University of Derby, Birmingham City University and Edexcel, offering a range of HNCs, HNDs, foundation degrees and full honours degrees, giving individuals the opportunity to gain a university-level qualification a little closer to home.

It is established that training not only improves the prospects of individuals, but also that businesses that train their staff experience stronger growth than those that don't. We will therefore encourage employers to provide a range of work related training and support for their workers, with support and incentivisation through the ESIF **Skills Local** programme.

### ***Programme 2.3 Youth Employment***

We are aiming to ensure that every young person develops the vital skills and competencies needed to succeed in the world of work through an **integrated employability programme for schools**, through the Aspire programme in Nottingham and the Careers and Enterprise Company programme across the County. We will encourage more local employers to engage with schools through targeted employer engagement campaigns, particularly targeting priority sectors, and work with providers to ensure that careers guidance and employability skills development prepares learners for the local labour market.

Further support for young people aged 15 to 19 who are at risk of becoming NEET (not in education, employment or training) to develop enterprise and employability skills will be available through the ESIF **Careers Local** Enterprise Grant.

The **Youth Engagement Initiative** will support young people aged 16 to 24 who are NEET to re-engage with education, employment and training by providing personalised support and mentoring that will help them develop employability skills and connect them to job opportunities created through the incentive programmes

Young people who are currently NEET will be supported into work and Apprenticeships through training pathways, including work experience and traineeships, delivered through the ESIF **Employ Local** programme.

### ***Programme 2.4 Graduate Retention***

The City and County Councils will continue to work with the University of Nottingham and NTU to increase **graduate retention**, and will create further opportunities for internships, work placements and graduate employment. Employers will be supported to offer graduate placements and bespoke training pathways to graduate level jobs will be offered through ESIF-funded programmes,

## **3. INFRASTRUCTURE AND CONNECTIVITY**

We aim to provide the physical and digital connectivity and built infrastructure that will enable businesses across N2 to thrive and prosper.

### ***Programme 3.1 Digital***



The **Better Broadband for Nottinghamshire** programme is working towards the provision of N2-wide access to superfast broadband (download speeds above 24Mbps) with the targets of achieving 98% coverage of N2 premises (business and residential) by 2018, making N2 one of the best digitally connected areas in the country.

A **SMART City Board** has been set up and is developing a vision and action plan to support Nottingham's ambition. The aim is to make use of technology that links all aspects of infrastructure – energy, transport, etc – to increase business efficiency and improve the quality of life for local citizens, realising significant environmental, social and economic benefits.

### **Programme 3.2     Sector Growth Hubs**

The development of an HS2 Station Hub at Toton has huge economic potential, with an estimated economic benefit of up to £2.2bn GVA per year, the greatest proportionate uplift of any of the proposed HS2 stations. We will develop a **HS2 Growth Strategy** to maximise the economic potential of the development.

We will continue to develop the **Enterprise Zone** sites (Boots Campus, Nottingham Science Park, Medipark, Beeston Business Park) to create incentivised opportunities for growth businesses, especially in the key sectors of healthcare, life sciences, low carbon technologies and ICT.

The **University Enterprise Zone** will see the development of a Technology Entrepreneurship Centre at The University of Nottingham's Innovation Park, which will provide accommodation and intensive incubation support for non-university business start-ups and early stage.

We will continue to strengthen and grow the **Creative Quarter**, with the refurbished Sneinton Market creative industries business hub and renovated Dakeyne Street due to open in 2016, and we will complete the £20m expansion of **BioCity**.

The **Nottinghamshire Innovation Centres'** are a network of three centres creating a critical mass for business and research innovation. The contractor managing the network works with SMEs to explore ways of identifying and supporting existing innovation and encouraging further innovative activity.

### **Programme 3.3     Strategic Regeneration Sites**

The regeneration of town centres is prioritised through a £36m **Unlocking Growth in N2 Town Centres** programme. This programme is designed to enhance the viability and accessibility of town centres across the N2 area, creating new retail and office space and jobs.

*[NB The Nottinghamshire Business Investment Zones review of regeneration and employment sites across the County is currently being finalised, and will be discussed at the EPC meeting of 20<sup>th</sup> May. Consequently, this section will include the priorities identified and agreed through this process, focussing on key sites that*

*can realistically be brought forward for the greatest economic benefit but that require some public finance to 'unlock' them.]*

Nottingham is accelerating its regeneration and growth programme with major investment opportunities becoming available in some of the city's key regeneration areas. Major investments by partners including Boots, intu and Blueprint have kick-started redevelopment plans in the City. Further sites will become available offering a range of investment opportunities including mixed use, commercial, research and development, leisure and residential. Regeneration priorities include:

**Boots Enterprise Zone.** The masterplan, with outline planning consent, covers 35 hectares for up to 82,000 m<sup>2</sup> of developable commercial space for the health well-being and beauty sector and a canal-side residential development of up to 675 homes set in 11 hectares of new and improved green space.

**Science Park Enterprise Zone** offers research and development business space opportunities, due to the expansion of the Science Park onto 2 hectares of adjoining land adjacent to an existing science park. The site benefits from outline planning permission and is ready for immediate development.

**City Centre.** In addition to intu's investment of over £200m in the Broadmarsh and Victoria shopping centres, there are opportunities to complement the office and hotel development at Unity Square, provide an office/residential development on Angel Row and develop a new 25,000m<sup>2</sup> Further Education Skills Hub.

**Waterside** development area provides a new low energy residential neighbourhood of up to 1,650 homes close to the City Centre. A range of investment opportunities will become available with the expansion of the residential development at Trent Basin. The Island Site provides a unique opportunity on a 10 hectare site to create a new city centre urban business and residential community.

**<to add – map of key regeneration sites>**

### **Programme 3.4     Transport**

The Nottingham and Nottinghamshire Local Transport Plans 2011-2026 set out in detail how transport will be improved and sit alongside the Growth Strategy. Transport is a key element within the development of employment sites, and road and public transport links should be developed to ensure local people can access jobs.

Key schemes to enhance network capacity and reduce congestion include improvements to the **A57**, the new **Gedling Access Road** and the **Dukeries railway** line between Ollerton and Shirebrook. The **real time bus information** network – already the largest in England outside London – will be expanded, and a feasibility study is being commissioned to look at the options for a **fourth Trent crossing**.

## **6. Implementation**

### **Governance Arrangements**

The delivery of the Growth Strategy will be overseen by the N2 Economic Prosperity Committee. It is proposed that operational programme management is delegated to nominated Programme Management Officer(s) who will report to the N2 Economic Development Officers meeting. The N2 Economic Development Officers will produce an annual progress report for the N2 Economic Prosperity Committee.

### **Operations and Delivery**

An identified named lead has been (or will be) identified for each project. The named lead will be responsible for ensuring the successful delivery of the assigned project, or identifying mitigating or alternative action to achieve project outcomes.

### **Monitoring and Review**

The programme will be managed by nominated officer(s).

Project leads will report progress to the nominated programme management officer(s) a regular basis, either quarterly, six-monthly or annually as agreed for each project.

Nominated programme management officers will be responsible for collecting and collating monitoring information and reporting progress to the N2 Economic Development Officers meeting on a six-monthly cycle.

The N2 Officers will provide an annual progress report for the N2 Economic Prosperity Committee. This annual report will include agreed headline economic indicators (e.g. GVA, employment rate) and key performance indicators (e.g. number of business start-ups, number of jobs created).