

**REPORT OF THE LEADER OF THE COUNCIL****UPDATE ON THE D2N2 LOCAL ENTERPRISE PARTNERSHIP AND THE CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC PROSPERITY COMMITTEE****Purpose of Report**

1. To provide members with an update on the work of both the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP) and the City of Nottingham and Nottinghamshire Economic Prosperity Committee (EPC).

**Background**

2. This report is the third six-monthly update to be received by members, offering a progress report for both the D2N2 LEP and the EPC over the period from September 2016 to February 2017.
3. The D2N2 LEP is now entering its sixth year of operation. Alongside 38 other LEPs set up by Government across England, the D2N2 LEP plays a central role in deciding local economic priorities and activities to drive economic growth and create jobs. Covering an area with a population of more than two million people, the D2N2 LEP is one of the largest LEPs nationally and has set itself 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
4. Central to achieving these targets is the D2N2 Strategic Economic Plan (SEP) and this is available via the D2N2 LEP website and is referenced under the Background Papers. The D2N2 LEP is led and governed by a private-sector-led 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 Board Member and the Chief Executive acts as an advisor. D2N2 Board documents are available online, again referenced under the Background Papers.
5. The EPC is a joint Committee having responsibility for growth and economic development in Nottingham and Nottinghamshire. It has recently completed its Growth Strategy for Nottingham and Nottinghamshire, reviewing the co-ordination of strategic priorities across the local government partners.

6. The EPC has a recognised role in terms of advising the D2N2 LEP on investment priorities for the Nottingham and Nottinghamshire area, in particular with regard to the Local Growth Fund, where the EPC considers projects from across the area and proposes priorities for endorsement to the D2N2 LEP. The EPC also has oversight of proposed spend via the Nottinghamshire authorities' Business Rates Pool (i.e. excluding the City of Nottingham).
7. The EPC is currently chaired by the Leader of the County Council. All of the Leaders of the local authorities in Nottingham and Nottinghamshire are members of the EPC and all of the Chief Executives attend in an advisory capacity.

## Progress to Date

8. By the time of this meeting, the **D2N2 LEP** Board will have conducted its fourth Board meeting since September 2016. The following items merit particular reference, recognising the potential impact on the County Council and on the County generally:
  - **Growth Deal / Local Growth Fund:** A decision is still awaited on the Growth Deal submission made to Government in the summer of last year. Indicative regional allocations were referenced in the Autumn Statement later last year and it is understood a decision on the final amount to be awarded to the D2N2 LEP will be made at or around the Budget Statement on 8<sup>th</sup> March. A verbal update will be provided to the Committee should this prove to be the case. As referenced in previous reports, a number of Nottinghamshire based projects were included within the original submission seeking £107M of co-investment from the Local Growth Fund towards an overall £426M programme. The Growth Deal is referenced under Background Papers. This funding, alongside the European Structural and Investment Funds (ESIF), represent the main financial levers open to the D2N2 LEP.
  - **Strategic Economic Plan (SEP):** While the current SEP runs to 2023, a process to refresh the SEP in the light of national developments has been commenced. This will enable the incorporation of 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. A revised SEP will be developed over the course of the summer, overseen by the LEP Board.
  - **Revised D2N2 LEP Business Plan:** Running parallel to the SEP refresh is the requirement for a revised Business Plan to take the LEP through to the end of the Parliament. Working with the LEP, the D2N2-wide Chief Executives Group has agreed the establishment of a 3-year operational perspective, but with a particular focus on the next 12 months given the factors referenced under the SEP above. This will come to the LEP Board for consideration in March and a verbal update will be provided at Committee.
9. The County Council is actively involved in all of these matters and in other related aspects, summaries of which are provided at Annex A. Finally, Committee members may wish to note that the D2N2 LEP's Annual Conference is due to be held in July 2017.
10. On 24<sup>th</sup> February, the **Nottingham and Nottinghamshire EPC** held its fourth meeting since last reporting to this Committee. A summary of its activities since that time is provided at Annex B, with three particular aspects meriting reference here:

- **The N2 Growth Strategy:** The Strategy focuses on a range of priorities under three themes – Enterprise and Innovation, People and Skills and Infrastructure and Connectivity, setting an important context for the LEP’s activity and future planning and the prioritisation of resources from the LEP to meet the EPC area’s challenges and anticipated growth. The EPC delegated authority to the Chief Executives to develop an Implementation Plan to support the achievement of the N2 Growth Strategy.
- **The Business Rates Pool:** The report to September’s Policy Committee outlined the various investment decisions associated with the Pool and specifically the establishment of the Nottinghamshire Pre-Development Fund (NPDF). January’s EPC agreed a set of allocations designed to offer technical and feasibility support to projects which may prove fruitful, potentially securing resources from future Growth Deals and other sources of funding. Geared to the development of projects stimulating growth, details of these awards and of other specific work of the EPC are addressed at Annex B of this report.
- **D2N2 Joint Committee:** On 10<sup>th</sup> February 2017, the 19 Derbyshire and Nottinghamshire local authority leaders met to discuss areas of shared interest and to determine support for a Joint Committee. This engagement was positively received. Should such a Committee be established, work would focus on the following three priority areas: One Public Estate, Employment and Skills, and Transport. Any work undertaken would be aligned to the current review of the D2N2 Strategic Economic Plan and would ensure appropriate links are made to the emerging Industrial Strategy Green Paper, Housing White Paper and the soon to be published Midlands Engine Strategy. The 19 Leaders agreed to meet again after the County Council elections to consider some initial work on the scope of a potential Joint Committee and how it might work in practice.

## Other Options

11. None. This is a progress report and is for information only.

## Reason/s for Recommendation/s

12. 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.

## Statutory and Policy Implications

13. 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

14. 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.

15. 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 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 (approved at Economic Development Committee on 3<sup>rd</sup> November 2015).
16. 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.

## **RECOMMENDATIONS**

17. It is recommended that Policy Committee notes this report.

**COUNCILLOR ALAN RHODES**  
**Leader of the Council**

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### **Constitutional Comments [SG 28/02/17]**

Constitutional Comments are not required because this report is for noting only.

### **Financial Comments [SES 28/02/17]**

**The financial implications are set out in the report.**

#### **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, 16<sup>th</sup> January 2014, published.
- *Consultation response: proposal to amend legislation relating to Combined Authorities and Economic Prosperity Boards;* report to Policy Committee, 4<sup>th</sup> June 2014, published.
- *Economic Development Update;* report to Policy Committee, 10<sup>th</sup> September 2014, published.
- *Proposals for a Nottingham and Nottinghamshire Combined Authority;* report to Economic Development Committee, 18<sup>th</sup> November 2014, published.

- *Establishment of the Nottingham and Nottinghamshire Combined Authority*; report to County Council, 15<sup>th</sup> January 2015, published.
- *Devolution Deal*, report to Policy Committee, 11<sup>th</sup> November 2015, published.
- *Business Rates Pooling 2013-15*, report to Policy Committee, 11<sup>th</sup> November 2015, published.
- *City of Nottingham and Nottinghamshire Economic Prosperity Committee and D2N2 Local Enterprise Partnership*, report to Policy Committee, 10<sup>th</sup> February 2016, published
- *City of Nottingham and Nottinghamshire Economic Prosperity Committee and D2N2 Local Enterprise Partnership*, report to Policy Committee, 21<sup>st</sup> September 2016, published
- *Midlands Engine Trade Mission to China (28 Oct – 4 Nov 2016)* – report to Policy Committee, 18<sup>th</sup> January 2017, published.

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

[http://www.d2n2lep.org/write/Documents/D2N2\\_SEP\\_March\\_31st.pdf](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](http://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](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>

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

All

## Annex A: Summary of D2N2 LEP Board Activity September 2016 – February 2017

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| <b>Midlands Engine (ME)</b>                                  | <ul style="list-style-type: none"> <li>The ME team (including the County Council) worked closely with government to put together pan-regional schemes ahead of the Autumn Statement</li> <li>It is envisaged that government will show support in the form of requests for substantiating proposals in time for government's publication on 8<sup>th</sup> March of the Spring Budget 2017</li> <li>The November ME trade mission to Eastern China, attended by Councillor Meale and the Chief Executive, was seen as a successful exercise in cementing such relationships for the future</li> </ul>   |
| <b>D2N2 Skills Strategy Refresh October 2016 – 2016-2020</b> | <ul style="list-style-type: none"> <li>The refresh aims to provide a forward looking framework and evidence base for skills need, delivery and coordination in the D2N2 area and will influence the activities and focus of provision. Presentations from events held and the Executive Summary remain available online to view here: <a href="http://www.d2n2lep.org/skills">http://www.d2n2lep.org/skills</a></li> <li>Key D2N2 LEP partners (including the County Council) took the opportunity in the New Year to provide feedback on the full Strategy document, ahead of its finalisation and publication (expected to be late Spring following ratification at the March D2N2 LEP Board)</li> </ul>  |
| <b>High Speed Two (HS2)</b>                                  | <ul style="list-style-type: none"> <li>On 15<sup>th</sup> November, the HS2 preferred route was announced, along with the naming of Toton as the site of the East Midlands Hub station</li> <li>The HS2 East Midlands Interim Growth Strategy was reported to September's Policy Committee; partners are working on finalising the Strategy ahead of the July 2017 completion target. The final version of the Strategy will be the subject of a report to a future Policy Committee meeting</li> <li>The last of the HS2 Route Announcement Information Events running along the HS2 route map, from 5<sup>th</sup> January in Crewe through to Leeds City Centre on 22<sup>nd</sup> February, have now concluded</li> <li>Two subsequent consultations are currently 'live' and will run until 9 March 2017 on: a) the seven substantial changes being proposed on the route (please note, none are in Nottinghamshire), and b) the property compensation and assistance schemes being proposed for people affected by the plans</li> <li>The County Council's response to the consultation will be taken to Transport and Highways Committee. This will be a strategic response around any route alterations and not one on behalf of any individually affected residents</li> <li>The Council's Economic Development Committee recently received a presentation on the Emerging Growth Strategy and confirmed the Council's longstanding engagement with the partners in bringing forward a final Strategy for July 2017</li> <li>The County Council is represented on the HS2 East Midlands Strategic Board, the Officer Group and the Executive Team</li> </ul> |
| <b>The Nottm Enterprise Zone (EZ)</b>                        | <ul style="list-style-type: none"> <li>The Boots and Beeston Business Park sites are subject to the conclusion of Section 106 Agreements. Given the education and highway provisions, the County Council remains actively involved and</li> </ul>   |

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|   | discussions continue between the D2N2 LEP, the landowners and the local authorities involved  |
| <b>Infrastructure Investment Board (IIB)</b>      | <ul style="list-style-type: none"> <li>The IIB continues to receive updates on all projects (including high risk projects) and budget monitoring. The following five projects have been approved: the A46 Corridor, Cotgrave Employment Units, Ada Lovelace House, Tudor Cross (former Coalite) and Medicity</li> </ul>   |
| <b>Growing Places Fund (GPF) capital projects</b> | <ul style="list-style-type: none"> <li>The Round 4 submissions require further work with the applicants.</li> <li>There may be a requirement for the LEP Board to review the criteria and potential alternative uses of the GPF resources in the medium term</li> </ul>   |
| <b>The D2N2 Growth Hub</b>                        | <ul style="list-style-type: none"> <li>The performance of the Growth Hub (and specifically its reach to Nottinghamshire businesses has been reviewed at both a Board level and at the time of writing, will be the subject of a report and presentation to the N2 EPC in February</li> <li>The following will influence its impact in the medium term: <ul style="list-style-type: none"> <li>- the Core Hub service being enhanced via the recently approved European Structural Investment Fund (ESIF) award</li> <li>- the County Council's recruitment to two staff as supported by the Economic Development Committee will enhance the local service across the County</li> </ul> </li> <li>Aligned with local business groups and notably the Nottinghamshire Business Engagement Group (NBEG), one of the two County Council posts will be responsible for supporting local business groups' increased awareness of the Hub and its activities – and address local business needs</li> </ul> |

**Annex B: Summary of the City of Nottingham and Nottinghamshire Economic Prosperity Committee (EPC Activity September 2016 – February 2017)**

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| <p><b>Innovation centres</b></p>  | <ul style="list-style-type: none"> <li>• Approval for £300,000 from the N2 Business Rates Pool for business property upgrades (a £75,000 contribution to each) at the Mansfield i-Centre, the Worksop Turbine, the Newark Beacon and Retford Enterprise Centre</li> </ul>  |
| <p><b>Emerging HS2 Growth Strategy and Phase 2 Route announcements</b></p>  | <ul style="list-style-type: none"> <li>• The HS2 Strategic Board is the body leading on the overview of the HS2, including wider connectivity issues and engagement with relevant stakeholders</li> <li>• Two recent Government announcements were reported to EPC concerning: <ul style="list-style-type: none"> <li>- Phase 2 route announcements</li> <li>- The development of progress towards the full Growth Strategy for submission to Government in July 2017</li> </ul> </li> <li>• A Skills and Supply Chain scoping report about the economic opportunities of HS2 is being developed, commissioned by the County Council on behalf of the East Midlands HS2 Partnership</li> </ul>   |
| <p><b>Midlands Engine Trade Mission to China – 28 Oct to 4 Nov 2016</b></p> | <ul style="list-style-type: none"> <li>• EPC were provided with an overview of the work undertaken by the County Council to further enhance the relationships and activity by building on the work in Ningbo and developing a bilateral agreement with the province of Zhejiang</li> </ul>   |
| <p><b>A countywide approach to the Mayflower 400 Project</b></p>            | <ul style="list-style-type: none"> <li>• EPC was provided with a history behind the Mayflower 400 project and the fact that the Bassetlaw area has the strongest links of any place in the country to the Pilgrims</li> <li>• The success of the 24 November 2015 ‘illuminate’ event was shared</li> <li>• Further reports expected with a view to maximising the opportunities from the number of national, regional and local commemorative developments taking place in 2020 for the 400<sup>th</sup> anniversary of the Pilgrims reaching America</li> </ul>   |
| <p><b>Derby-Nottingham Metropolitan Strategy 2030 (Metro Strategy)</b></p>  | <ul style="list-style-type: none"> <li>• Originally conceived by D2N2 LEP as the urban strand of a strategic approach to the economic regeneration of the area, the Metro Strategy was commissioned by the Leaders of Nottingham and Derby City Councils following a ‘summit meeting’ in late 2015</li> <li>• EPC has been provided with an update on the development of the Metro Strategy and work is underway to engage further with neighbouring authorities with a view to officially launching the strategy later in 2017</li> </ul>   |
| <p><b>The D2N2 Growth Hub</b></p>   | <ul style="list-style-type: none"> <li>• In summary, the D2N2 Growth Hub offers the following services: <ul style="list-style-type: none"> <li>- A core ‘front line’ service offering business across the LEP area access to support through a website and telephone helpline</li> <li>- A website containing information and signposting to all available business support plus guidance on key business needs.</li> <li>- Advice directly and/or makes referrals to other public and private service by specialism, theme and/or geography</li> <li>- 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</li> </ul> </li> </ul> |

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|  | <ul style="list-style-type: none"> <li>• 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</li> <li>• The County Council offer is: <ul style="list-style-type: none"> <li>- 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;</li> <li>- A Business Advisor – to work directly with businesses across Nottinghamshire, focused on those with growth potential.</li> </ul> </li> </ul>  |
| <b>Skills and Employability</b>  | <ul style="list-style-type: none"> <li>• A series of reports on apprenticeships, graduate retention and careers provision in N2 have been considered by the EPC, as has the background behind the review of the D2N2 Skills and Employability Strategy 2017-2020, the major themes covered by the new strategy and a summary of the responses provided by Nottinghamshire district authorities on the draft</li> <li>• Next steps and actions to support the wider area aims for improving skills and employability, as well as positive outcomes for local people and businesses include: <ul style="list-style-type: none"> <li>- Supporting the formation of a Regional Public Sector Skills Levy Working Group to explore opportunities for joint working and maximising the returns from the introduction of the apprenticeship levy</li> <li>- A County and City review of existing programmes designed to improve employability skills</li> </ul> </li> </ul>  |
| <b>Building our Industrial Strategy – Green Paper</b>                    | <ul style="list-style-type: none"> <li>• Engaging in the opportunity to submit a shared response to Government on the Industrial Strategy which will close on 17 April 2017</li> <li>• The Economic Development Committee will be considering this matter at its March meeting</li> </ul>   |
| <b>Business Rates Pool - Nottinghamshire Pre-Development Fund (NPDF)</b> | <ul style="list-style-type: none"> <li>• At its meeting in May 2016, the EPC agreed to a number of budgetary allocations drawn from the Business Rates Pool; only the Nottinghamshire Councils (the County and District) Councils that contribute to the pool were involved in this process</li> <li>• One of the allocations was for £1million towards a pre-development fund offering the opportunity to access development funds for feasibility work and the drawing up of business cases for schemes which (ultimately) will have an impact on the economic development of the area and which will lever in significant investment and / or deliver tangible future benefits to the local authorities through Council Tax or Business Rates receipts</li> <li>• The NPDF was launched in early September 2016 with over 80 applications received, resulting in an over-bidding situation. Following an assessment process and review, a proposed set of projects was agreed at the January 2017 meeting, summarised as follows:</li> </ul> |

| No. of projects | Authority                          | Total allocation amount |
|-----------------|------------------------------------|-------------------------|
| 6               | Ashfield District Council          | £156,750                |
| 5               | Bassetlaw District Council         | £134,800                |
| 2               | Broxtowe Borough Council           | £140,000                |
| 5               | Gedling Borough Council            | £130,000                |
| 9               | Mansfield District Council         | £102,000                |
| 3               | Newark & Sherwood District Council | £125,000                |
| 4               | Nottinghamshire County Council     | £134,960                |
| 4               | Rushcliffe Borough Council         | £101,000                |
| 5               | Joint /pan-County projects         | £129,450                |

- Proposals to release the remaining N2 Business Rates pool to be considered by EPC over the coming months