

meeting County Council

date 30th June 2011

agenda item number

10

Report of the Leader of the Council

Economic Development Issues – the Joint Local Economic Assessment and the D₂N₂ Local Enterprise Partnership

Purpose of the Report

1. The purpose of this report is as follows :
 - to confirm the completion of the joint Local Economic Assessment and in particular, to welcome the Strategic Development Opportunities document, as developed and endorsed by the Joint Leadership Board;
 - to offer an update on progress of the D₂N₂ Local Enterprise Partnership and the opportunity to welcome the recent announcement of an Enterprise Zone at the Boots site at Beeston.

Background

2. The County Council has set out its priorities within the new Strategic Plan and one of its underpinning aims is the promotion of economic prosperity of Nottinghamshire. Key to achieving this is a good understanding of the local economy, the trends and major issues and the strategic challenges and opportunities. The recently completed Local Economic Assessment, undertaken jointly with Nottingham City Council, offers insight into the local economy and this report sets out the detail and how it might usefully inform policy development.
3. The Coalition Government introduced Local Enterprise Partnerships (LEP) as the key vehicle for delivering economic growth and jobs. The D₂N₂ Local Enterprise Partnership has now been established for 8 months and this report offers an update into its initial activities and priorities and an opportunity to consider the recent announcement of an Enterprise Zone for the area.

The Joint Local Economic Assessment

4. The Local Democracy, Economic Development and Construction Act (2009) placed a new statutory duty on unitary and county councils to prepare a Local Economic Assessment (LEA) of their area. LEAs are seen as the means of establishing a comprehensive evidence base about the economy of an area. LEAs should aim to diagnose the key local economic issues and trends in order to inform the policy and interventions of local authorities and their partners.
5. The development of an LEA can be seen as a positive step as it affords businesses, local government, the further and higher education and voluntary sectors the opportunity to agree the economic priorities for the area. It provides a mechanism to consider how to exploit the opportunities and address the challenges to secure sustainable economic growth and prosperity.
6. The City and County Councils agreed that an LEA be prepared jointly, covering both the Nottingham City Council and Nottinghamshire County Council administrative areas, but accounting for functional economic geographies. An Interim LEA was jointly prepared during 2009/10 and now comprises a full version of the LEA, a set of working papers underpinning the key themes and a Strategic Economic Opportunities (SEO) document which summarises the agreed opportunities.
7. A Steering Group has overseen the development of the LEA and at the joint meeting of the Joint Leadership Board (JLB) and Core City Boards on 1st September 2010, a process of consultation was initiated, allowing for comments to be received on a draft of the full LEA and the SEO. The final document takes account of the outcomes of this wide ranging consultation and has now been endorsed by the JLB. The LEA and the SEO documents were the subject of discussion with the Leader of the Council throughout this process, ensuring the County Council's priorities were appropriately referenced.
8. It is intended that the LEA suite of documents will be made available on the County Council's website, where new and updated information will periodically be made available as a resource bank. The SEO document in particular draws together some of the most significant opportunities available to the area and offers insight as to the key issues to be championed by the JLB and within the D₂N₂ Local Enterprise Partnership. The SEO document is attached to this report at **Appendix A**. Members are asked to note the completion of the LEA and to welcome the SEO document in particular.

The D₂N₂ Local Enterprise Partnership

9. The D₂N₂ Local Enterprise Partnership was formed following receipt of a letter dated 29th June 2010 from the Secretary of State for Business, Innovation and Skills and the Secretary of State for Communities and

hip (LEP). The deadline for submissions was the 6 September 2010.

10. Following a period of discussion and agreement between the parties, a newly formed partnership, based on the Derby, Derbyshire, Nottingham and Nottinghamshire area was formed. The LEP comprises business leaders, the three universities from across the area and its unitary and upper tier local authorities. It is designed to maximising the economic growth of the sub-region, with the Government confirming LEPs as:
 - playing a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs;
 - key vehicles in delivering Government objectives for economic growth and decentralisation;
 - providing a means for local authorities to work together with business in order to quicken the economic recovery.

11. Nottinghamshire County Council has been instrumental in securing the successful establishment of the LEP, alongside its partner City and County Councils and representatives from business and associated organisations. Approval for the D₂N₂ Local Enterprise Partnership came in late October 2010 and a Board has been established to take forward the LEP's work over the next two years, comprising a balanced representation from the public sector, the universities and business. The D₂N₂ Board has a total membership of ten comprising:
 - 5 from the private sector, including 1 from the Derbyshire and Nottinghamshire Chamber of Commerce;
 - 1 representing the three universities;
 - 4 from the public sector, being the four Leaders of the two City and two County Councils.

12. The Board is chaired by the private sector, namely Colin Walton, Chairman of the Derby based Bombardier Transportation and its activities are governed by a Terms of Reference. At the present time, the LEP operates as an informal partnership and will consider any changes to this as the role of the LEP develops. Nottinghamshire's private sector representation is undertaken by Trevor Fletcher, the MD of the Hardstaff's Group. Full details of the Board representation is available via the newly established website at www.d2n2lep.org where additional information, newsletters and the original submission made to Government can be found.

13. Acting in support of the Board, a Working Group has been established (drawn from the Board's organisational membership and including the County Council) to facilitate the Board's operations.

14. The Board was established with a tight membership with the overt underlying principle of being business-driven. However, in order to ensure practical links and communication channels are maintained, the LEP is making best use of existing arrangements across its area. The Joint Leadership Board (JLB), chaired by the Leader of the County Council, undertakes this role in the Nottinghamshire context, comprising representation from business, universities, District Councils and other economic development and regeneration organisations. The Chairman of the Nottinghamshire Business Engagement Group (and Deputy Portfolio holder for Culture and Community) also sits on the JLB.
15. To date, the D₂N₂ LEP Board has met three times, most recently on the 8th June 2011. Its priorities at the present time include the development of submissions for Round 2 of the Regional Growth Fund, its priority themes including the visitor economy and innovation and business support. Linked to the development of the themes and to the LEA, the LEP has recently secured support through the Government's "LEP Capacity Fund" to assist the Board develop its economic intelligence and its business engagement role. Finally, the Board will also be prioritising the development of the recently announced Enterprise Zone for the Boots site at Beeston.

Enterprise Zone

16. In the March 2011 Budget, The Chancellor announced that the Government would establish up to 21 new Enterprise Zones (EZ) in local enterprise partnership areas. The Budget named the first 11 LEP areas that would benefit from the EZ status.
17. Following the Budget announcement, the Prime Minister and Deputy Prime Minister visited the Alliance Boots Campus in Nottingham to announce that the site would be one of four "vanguard" Enterprise Zones. D₂N₂ Local Enterprise Partnership Board members, including the Leader of the Council, attended the event.
18. EZs are not new, but the Government see this new generation of EZs forming part of the Government's new approach to sub-national economic development, with economic growth and job creation being led by the private sector. Specifically, the new EZs will:
 - Focus on areas of opportunity to maximise the positive effect on the wider economic area;
 - Involve business and local communities, via the LEPs, for the long-term by allowing them to retain any up-lift in business rates;
 - Give LEPs a key role in developing and implementing the EZ;
 - Minimise displacement by ensuring LEPs target the Zone at priority sectors and attract foreign direct investment.
19. Cabinet members in particular will know the Alliance Boots site well from their recent visit and their meeting with the Chief Executive and will

20. Hence not all of the site is necessarily open for re-development; some 100 acres (40 hectares) of vacant land and several under-utilised buildings of iconic and of industrial heritage significance are available for re-development. The site has potential to incorporate over 200,000 square metres of commercial space, creating many thousands of jobs, particularly if, as hoped, it can be linked to Boots' presence on site, being a catalyst for pharmaceutical and / or bio-medical sector growth. This site could therefore drive local and indeed national growth aspirations and help create quality, private sector jobs.
21. To facilitate investment, EZ status brings business rate discounts worth up to £275,000 per business over a 5 year period; a simplified planning process and Government support to ensure "super fast" broadband is rolled out throughout the Zone. Perhaps crucially, all business rate growth within an EZ may be retained in the local area to "...support the LEP's economic priorities, for a period of 25 years" this being a first statement about potential resources for LEPs' wider development ambitions.
22. Along with the City and Broxtowe Borough Councils, Alliance Boots and their appointed consultants, the County Council is involved in both a working and steering group of the D₂N₂ Local Enterprise Partnership, designed to ensure positive progress is made.

Personnel Implications

23. There are no personnel issues arising as a consequence of this report.

Statutory and Policy Implications

24. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service. Where such implications are material, they have been described in the report.

Recommendations

Council is requested to :

- (a) note the completion of the Joint Local Economic Assessment and its proposed publication on the County Council's website and in particular, to welcome the production of the Strategic Development Opportunities document as referenced at Appendix A;

- (b) note the good progress being made by the D₂N₂ Local Enterprise Partnership and the support being offered by the County Council in its on-going development and in particular, to welcome the announcement of the Enterprise Zone for the Boots Campus at Beeston, Nottinghamshire.

**Councillor Kay Cutts
Leader of the Council**

Comments of the Service Director – Finance

There are no direct financial consequences arising from this report (DD 13th May 2011).

Legal Services Comments

The proposals in this report are for noting only (KK 11th May 2011).

Background Papers Available for Inspection

- The Joint Local Economic Assessment

Electoral Divisions Affected

All

APPENDIX A Strategic Economic Opportunities for Nottingham and Nottinghamshire

Nottingham and Nottinghamshire has a combined population of just under 1.1 million, the most populous area comprising the core city of Nottingham and the suburban areas of Beeston, West Bridgford and Arnold. Nottinghamshire is home to the major towns of Mansfield, Kirkby-in-Ashfield and Sutton-in-Ashfield which together form the 5th largest urban area in the East Midlands. The towns of Worksop, Newark-on-Trent and Retford sit within a wider rural area of market towns and villages.

There are 463,000 jobs across Nottinghamshire, largely concentrated in and around the main urban areas and a small but thriving rural economy. The area has a wide range of functioning economic relationships and interdependencies within and across the respective administrative boundaries. Evidence from across the assessment has led to the establishment of the following Strategic Economic Opportunities (SEOs) for Nottingham and Nottinghamshire:

SEO 1 Build on local strengths in the economy, generating jobs and accelerating growth in high value sectors

- Nottinghamshire has commercial strengths in the creative, environmental technology, energy, construction, manufacturing, logistics and science sectors
- BioCity is one of the largest bioscience incubators in Europe, and has proved a successful model of growing companies
- Both universities have recognised research expertise in areas that will drive economic growth, including carbon capture, renewable energy, medical sciences and creative digital media and bio-science
- Nottingham is home to England's largest municipal district heating network, which converts domestic and commercial waste to energy
- High value sectors have links with established local manufacturing and engineering businesses which can be further strengthened
- Supply chains for internationally renowned companies such as Boots, Rolls Royce, Toyota and Bombardier support economies across Nottinghamshire and Derbyshire
- The rural area reflects a diverse, growing and self-contained economy, with market towns acting as key service centres



SEO 2 Maximise the opportunities presented by our universities to generate sustainable new businesses and translate R&D into local jobs whilst retaining more graduates to boost the economy's skill base

- Nottingham and Nottinghamshire has an established infrastructure of innovation centres, affording new opportunities for partnership activity with the Universities
- The Ingenuity Programme run by the University of Nottingham, Nottingham Trent University and the University of Derby provides a stimulus for enterprise and a platform for academics, businesses and public sector organisations to collaborate on business growth
- Nottingham is one of six designated Science Cities, recognising its focus on international science and technological innovation in research and business
- 31% of graduates from the Nottingham universities remain in Nottinghamshire, placing it 7th out of the eight core cities for graduate retention; those ranked above it retain more than 40% of graduates. Developing businesses to maximise graduate talents will ensure high-value growth and in turn attract new high-quality businesses to the area



SEO 3 Maximise the potential of existing and emerging international connections and markets in order to export more of our products and to attract knowledge and investment

- Nottingham has many international commerce connections including links with China, Germany and the US
- There are strong academic connections to Asia, with University of Nottingham campuses in both China and Malaysia
- A below average proportion of businesses in Nottingham and Nottinghamshire currently export compared to UK cities and neighbouring areas
- Nottingham has seen an increase in overseas students and significant recent migration bringing talent to the area
- Nottinghamshire has an international reputation for sport, a growing reputation for culture and valuable natural assets.
- The visitor economy in Nottingham and Nottinghamshire can be developed further across a range of sectors, to capitalise on business tourism through conferencing and on leisure tourism through sporting events, local historic connections and cultural offerings



SEO 4 Improve economic resilience by supporting a mix of new smaller businesses which are likely to generate jobs

- Nottinghamshire's is in transition from a reliance on a small number of very large businesses to a more mixed economy
- The net growth in the business base in Nottingham and Nottinghamshire was less than half the national rate in 2008
- Start-up and survival rates had improved across the area but were impacted by the recession and locally experienced a greater decline than nationally. However confidence remains high with nearly 90% of small businesses in Nottinghamshire now planning for growth and sustainability
- Although some sectors have contracted during the recession, others continue to thrive such as science and information technology
- Strong potential remains to develop more robust local supply chains for goods and services

SEO 5 Up-skill the existing workforce with a focus on the needs and opportunities of the economy, to raise productivity and average wages and to create entry level opportunities for those currently unemployed

- Skills of the workforce need to reflect not just new high growth sectors but also the needs of large employing sectors such as health, retail and wholesale
- The health sector is the fastest growing sector nationally, with significant demands for low-skilled, entry-level and technician-level jobs, alongside opportunities through the personalised health and social care agenda
- In Nottingham City 29% of employers reported skills gaps
- Workers in Nottingham and Nottinghamshire earn less than the UK average
- A greater proportion of Nottingham and Nottinghamshire residents have no qualifications than is the case nationally
- Residents in the Nottingham Travel To Work Area are the most qualified with 32% qualified to degree level but this masks variations within the area from just under 25% in Nottingham City to 51% in Rushcliffe
- Some workers in older age groups or declining sectors will need to 're-skill' in order to gain employment in different sectors or roles, with increasingly fewer opportunities being available for those with no skills
- FE colleges and training providers have an important role in developing the skills required by the local economy and as hubs for local enterprise development

SEO 6 Prioritise investment in critical infrastructure to increase competitiveness, attract businesses and secure jobs and training opportunities

A. *Reinvigorate investment in housing including affordable and energy-efficient housing to meet the needs of a growing population*

- Going into recession, the construction sector in Nottinghamshire shrank at double the national average also affecting the supply chain
- Housing completions in Nottinghamshire have slumped within recent years
- There is an annual need for approximately 3,500 affordable dwellings and there are plans to deliver this, including through Growth Points
- There are specific skilled trades associated with the required upgrading of the existing housing stock and to develop future energy-efficient housing

B. *Prioritise transport infrastructure investment that best ensures we remain competitive and doesn't act as a brake on growth or create increased costs to business, whilst lessening transport dependence upon oil*

- The A453 is one of the worst routes nationally in terms of delays and is a priority improvement scheme for business
- Other access routes to and from the M1 also afford real opportunities for growth, as do connections with the A1(M) and other arterial routes
- A projected increase of around 20% in car trips will lead to further stress on a large number of roads in the region
- There is scope to improve connectivity through enhancements to the rail network including electrification of the Midland Mainline

C. *Maximise access to digital infrastructure, for businesses and residents*

- There are significant areas of digital exclusion in some socially excluded urban areas
- Significant parts of the rural area have extremely poor or no broadband connectivity at all
- The quality of telecommunications is a key factor in deciding business location and a key determinant of business growth and expansion

D. *Improving the availability and quality of land and premises to meet business needs*

- New, serviced and commercially attractive employment sites are important in helping to deliver a range of employment opportunities, reflecting growth and specialist sector interests

SEO 7 Improve the attainment, aspirations and opportunities for young people, to improve their life chances, future prosperity and contribution to the local economy

- New growth sectors will require different skill sets, with young people being afforded a range of new opportunities
- The choices of young people and motivation to stay in learning will need to be balanced with the demands of the economy
- Apprenticeships will have a stronger appeal for many and provide a more direct route into employment
- In Nottingham and Nottinghamshire a third of all unemployed claimants are aged under 25
- There has been an increase in the proportion reaching Level 2 qualifications in the Nottingham and Nottinghamshire but attainment rates remain below national rates
- Alongside improvements in attainment, enhancing aspirations, attitudes and work skills within our young people will deliver returns within the local economy.

SEO 8 Mitigate for the economic and social impacts of public sector budget reductions and the impact on businesses by facilitating opportunities for the private sector, for social enterprises and for the community

- The wider public sector has historically provided or funded many business support and skills development services alongside employment programmes and it will be a challenge to maintain essential services during this period of uncertainty and transition
- 37% of jobs in Nottingham and Nottinghamshire are in the public sector
- Some industry sectors appear reliant on sales of their goods and services to the public sector and budgetary pressures will impact upon business opportunities
- 62% of businesses in and around Nottingham have the adaptive capacity required to take advantage of new opportunities, placing it amongst the strongest of the core cities
- Mansfield and Ashfield appear amongst the least resilient areas nationally over the potential impact of reduced public spending, with Bassetlaw and Nottingham ranking in the lowest quartile

SEO 9 Remove barriers so that the unemployed and economically inactive can access work, providing businesses with a wider choice of labour

- There are pockets of entrenched unemployment across Nottingham and Nottinghamshire with levels of around 10%
- A slightly greater proportion of the working age population in Nottingham and Nottinghamshire claim sickness-related benefits than seen nationally. The Mansfield Travel-to-Work Area has the highest proportion within Nottinghamshire
- There are increased opportunities with a rise in the number of job vacancies in Nottingham and Nottinghamshire; a high proportion of these vacancies are in lower skilled occupations
- Considerable changes in national policy are planned and the impact of these remains unknown at this time

We would like to thank the large number of business, academic, public and community organisations that responded to the Local Economic Assessment consultation and so contributed to the development of this set of Strategic Economic Opportunities. These will be used to inform our future economic strategies and our engagement in the changing economic development infrastructure.

The full Assessment and a series of supporting working papers and reports containing further background are available on [Nottingham Insight](#) and the County Council's [Economic Insight](#) web pages, where new and updated information will periodically be made available.