# D2N2 LEP BOARD AGENDA

**Wednesday, 26 September, 2018**

Geldards LLP, One Pride Place, Pride Park, Derby DE24 8QR

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</thead>
<tbody>
<tr>
<td><strong>1.1</strong></td>
<td>Welcome and Introductions</td>
<td>Verbal</td>
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<td><strong>1.2.</strong></td>
<td>Declarations of Interest</td>
<td>Verbal</td>
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<td><strong>2.</strong></td>
<td>Strategic discussion and decision</td>
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<td>D2N2 LEP Review Implementation.</td>
<td>David Williams, Deputy Chair</td>
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<td><strong>3.</strong></td>
<td>Date of next regular meeting: Thursday, 18 October, 2018</td>
<td>Nottinghamshire County Council</td>
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*Tea/coffee will be available on arrival*
D2N2 LOCAL ENTERPRISE PARTNERSHIP
BOARD REPORT

DATE: 18th September 2018
REPORT LEAD: Sajeeda Rose
TITLE: D2N2 LEP Review Implementation

1. INTRODUCTION

1.1 The purpose of this report is to provide an update to the board on how D2N2 is responding to and implementing the Government’s recently published ‘Strengthening Local Enterprise Partnerships’ review.

1.2 In particular the report focuses on the proposed Geography of the LEP and proposes options for Board consideration to inform the response to Government required by the 28th of September.

2 RECOMMENDATION

2.1 The D2N2 Board are asked to reach an agreement on the proposed geographical footprint of the LEP, in order to submit a response to Government by the deadline of the 28th of September as set out in the review.

2.2 The Board is asked to delegate final approval of the submission to Government to the Deputy Chair of the Board.

3 BACKGROUND AND CONTEXT

3.1 A review of LEPs was announced in the Industrial Strategy White Paper in November 2017\(^1\). The Review was led by a cross-departmental Ministerial Group: Jake Berry MP (Ministry of Housing, Communities and Local Government), Margot James MP (Department of Business, Energy and Industrial Strategy) and Andrew Jones MP (HM Treasury). A number of LEP chairs were also involved in the review on behalf of the wider LEP network, and engagement with local authorities, business groups and others were carried out as part of the process of the review.

3.2 The review resulted in Government publishing a paper on ‘Strengthened Local Enterprise Partnerships’ on the 24th of July 2018\(^2\). This set out the roles and responsibilities of LEPs in driving local growth ad covers how Government and LEPs...

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will work together to strengthen leadership and capability, improve accountability and manage risk and provide clarity on LEP geography. A summary of the Review’s proposals is attached as Appendix 1.

3.3 The LEP Network on behalf of LEPs welcomed the Review’s strong endorsement of LEPs as drivers of local growth. This has been echoed by Elizabeth Fagan, the new chair of D2N2 who has similarly welcomed the overall direction of the Review and Governments backing of LEPs, and in particular the strengthened role of the private sector within LEPs.

3.4 The recommendations of the review are set against the context of moving all 38 LEPs to a more formalised and standardised process so that they can build on their role as key drivers of growth with responsibility for significant public sector investment. The review also seeks to further enhance LEPs Accountability and Transparency building on the outcomes of the Mary Ney led review.

3.5 The Review provides a clear opportunity for those LEPs that are able to move forward in line with its recommendations. As well as additional direct capacity funding to implement improvements, the further rollout of local industrial strategies and full access to the UK Shared Prosperity Fund or any successors to the Local Growth Fund will rest on LEPs ability to demonstrate commitment towards implementing the recommendations of the review.

3.6 Appendix 2 provides a summary of the requirements of the review and how D2N2 is currently positioned to implement the recommendations.

3.7 A more detailed report on the full review and its implications will be brought to the October board meeting for approval and sign off in time for the submission of the implementation plan to Government by the 31st of October 2018.

4 GEOGRAPHY

4.1 The key issue requiring an immediate response to Government is in relation to the Reviews recommendations on LEP geography.

4.2 The Review is very clear in relation to the requirement for LEPs to come forward with ‘considered proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers’. The review does not specify how a ‘functional economic geography’ should be defined but does cite labour market self-containment and housing market areas as relevant indicators.

4.3 Therefore if D2N2 is to comply with the specific requirements and spirit of the Review which is to create simpler, more transparent and locally accountable arrangements as the basis for future investment, than it will need to demonstrate how it will put forward a geographical footprint for the LEP aligned to functional economic geography and remove the current overlaps.

4.4 In D2N2 we have sought views on geography since the review was published from local partners, including all local authorities, and business representative groups.
5  FIRST TEST OF FUNCTIONAL ECONOMIC GEOGRAPHY

5.1 The current D2N2 area covers the whole of Derby, Derbyshire, Nottingham and Nottinghamshire. With almost 2.2 million residents we are one of the most important local economies - only three LEP areas outside of London have a bigger population.

5.2 There is clear evidence that a strong, functioning economic geography exists within Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2). Evidence from travel to work and travel to learn data, housing market areas composition and economic performance figures suggest that there is a strong and coherent interdependence across the whole area. 92% of our workforce live in D2N2 and 87% of residents work in D2N2.

5.3 At £45.4bn per annum, the D2N2 is also 4th largest and fastest growing economy among Core City LEP areas. The economic performance of the D2N2 area is strong and is the result of a comprehensive approach to strategic planning, priority setting and decision making in driving economic growth across the whole constituent geography.

5.4 The Government’s own statistics demonstrate that D2N2 is one of the most coherent ‘functional economic geographies’ of all English Local Enterprise Partnerships. (Annex A provides more details on our functional economic geography)

Whilst, given our central location, we will continue to have important relationships with the significant economies on our borders, we have one of the highest economic self-containment rates of all LEP’s at 89%. By way of context, the average economic self-containment of LEPs is 83%.

5.5 The Chair has already made a firm commitment for D2N2 to retain its full geographic coverage including the whole of Derby, Derbyshire, Nottingham and Nottinghamshire. This has been reinforced by strong support from local partners and stakeholders such as local authority leaders, and business representative bodies that have been engaged since the Review was published.

RECOMMENDATION 1: Therefore the first recommendation to board is to reiterate the current geographic footprint of D2N2.

6  SECOND TEST OF REMOVAL OF OVERLAPS

6.1 The current D2N2 area includes an overlap in 5 of its districts with the Sheffield City Region LEP. The overlap districts are Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire.

6.2 The Review is very clear that it wants to see the removal of overlaps across the LEP geography. This does not in any way infer that government want neighbouring LEPs to not have porous boundaries and that these should be further strengthened through collaboration

6.3 At the time when LEPs were first created and in the absence of clarity over geography over half of the LEPs established included an element of an overlap. Increasingly
as LEPs have assumed a greater role and influence over significant public investment there is a desire from Government to have simpler and more transparent local accountability through the removal of overlapping areas across the LEP network. Government has indicated that it will not co-produce a Local Industrial Strategy with a LEP that has any overlapping geography with another LEP area.

6.4 Future funding allocations and any associated flexibility of that funding will depend on LEPs ability to deliver against a clearly defined geography. The more complex a geography in an area such as overlapping areas, there is the potential for a smaller settlement with more strings attached to it.

6.5 As we have already stated and made the case for retaining the LEP area as the existing footprint of D2N2 as a coherent functional economic area—then the only way to comply with the requirement to remove overlaps would be to remove the overlap with Sheffield City region by retaining the 5 districts within D2N2.

6.6 There is as a strong economic case for the 5 districts to remaining within the D2N2 geography which is set out in the accompanying functional economic geography note. From an administrative perspective it is also the footprint that is most functional in terms of the wider delivery of the drivers of growth including infrastructure. It is also set within the regional and spatial context of the Midlands Engine which is recognised by Government and partners as an important driver of the UK economy.

6.7 Specifically for each of the overlap areas there is strong evidence from travel to work and travel to learn data, housing market areas composition and economic performance figures suggest that the D2N2-SCR overlap districts\(^3\) have higher strategic importance for and stronger economic links with D2N2 rather than South Yorkshire.

6.8 Whilst this is the only option in complying with the requirement to remove the overlaps and retaining the existing D2N2 geography, the board should note that during the consultation with local partners following the publication of the review all 5 of the districts in the overlap with Sheffield City Region have responded to say that their preference is to retain the existing overlap which is contrary to the recommendations in the LEP review, and the view of other partners such as the business community representatives and both County Councils in the area.

6.9 The final decision on geography and removing the overlaps will need to be subject to a decision by Ministers. The current position is still that Government are clear in the desire to remove overlaps. Therefore where there are local differences in position further work will be required as part of the transition arrangements once a decision on geography is agreed.

6.10 D2N2 has already initiated conversations with Sheffield City Region on transitional arrangements and will continue to build on this. We are also having ongoing dialogue with each of the 5 districts to understand the key issues for the transitional period and for the basis of a future collaboration agreement.

6.11 Removal of the overlap will strengthen the collaboration by removing the potential for competition that exists through the current arrangements.

6.12 The board are asked to consider and agree their position on removing the overlap with Sheffield City Region. Government are looking for LEPs to provide leadership on

\(^3\) Derbyshire Dales, North East Derbyshire, Chesterfield, Bolsover, and Bassetlaw
all areas affecting their ability to drive growth including implementing the review requirements on geography. This will be the basis for immediate and longer term investment for the LEP and its area.

6.13 Therefore whilst recognising that there are local differences of opinion, the board are asked to agree to removing the overlap with Sheffield City Region and work with the overlapping districts and Sheffield City Region in the transitional period towards 2020 when the new LEP geographies are to be in place.

RECOMMENDATION 2: Board are asked to consider and agree the option to remove the overlap with Sheffield City Region.

7 THIRD TEST OF MERGERS

7.1 The Review has also asked LEPs to consider where appropriate to put forward mergers. One of the principle reasons for this is to look at having fewer and larger LEPs.

7.2 As D2N2 is already the 5th largest LEP in the country, at this point in time having had a number of initial conversations with surrounding LEPs most notably with Leicester and Leicestershire it was felt that a merger would not be appropriate. Retaining the focus on Derby, Derbyshire, Nottingham and Nottinghamshire and ensuring we work effectively with our neighbours should remain our key focus and priority.

7.3 As a large LEP in the middle of the country surrounded by over 8 LEPs we will inevitably have a geography that pulls in different directions, whether that be in relation to shared economic assets (such as East Midlands Airport), supply chains or flows of workforce.

7.4 Therefore in moving forward our proposal to government should welcome greater cross boundary collaboration where there are specialised industrial assets or clusters such as Advanced Manufacturing, Life sciences or Food Technology. This would build upon existing collaboration through the Midlands Engine and also look at new opportunities such as with the Northern Powerhouse given the synergies with the northern part of D2N2.

7.5 RECOMMENDATION 3: Board are asked to welcome increased cross boundary collaboration with surrounding LEPs.

8 SUMMARY OF RECOMMENDATIONS:

In conclusion board are asked to note the progress on implementing the wider review and agree the recommendation’s below to form the basis of the response to government on geography required by 28th of September 2018.

- RECOMMENDATION 1: To reiterate the current geographic footprint of D2N2.
- RECOMMENDATION 2: To consider and agree the option to remove the overlap with Sheffield City Region.
- RECOMMENDATION 3: To welcome increased cross boundary collaboration with surrounding LEPs.

Board are asked to delegate final approval of the submission to Government to the Deputy Chair.

Author: Sajeeda Rose, D2N2 LEP
Appendix One – Summary of the LEP Review
Appendix Two – Summary of D2N2 position on LEP Review
ANNEX A

D2N2 Functional Economic Geography

Labour market

- There is clear evidence that a strong, functioning economic geography exists within Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2). Evidence from travel to work and travel to learn data, housing market areas composition and economic performance figures suggest that the D2N2-SCR overlap districts have higher strategic importance for and stronger economic links with D2N2 rather than South Yorkshire.

For Example:

- In Chesterfield, 52% of the workforce is resident in the borough, 9% commutes in from South Yorkshire but far more workers, 39%, come from other parts of D2N2. 57% of residents work in the borough, 9% work in South Yorkshire and 28% work in the rest of D2N2.

- In Bassetlaw, 62% of the workforce is resident in the borough, 13% commutes in from South Yorkshire but more workers, 17%, come from other parts of D2N2. 61% of residents work in the borough,

- In Derbyshire Dales, 52% of the workforce is resident in the borough, 4% commutes in from South Yorkshire but far more workers, 38 %, come from other parts of D2N2. 54% of residents work in the borough, 6% work in South Yorkshire and 28% work in the rest of D2N2.

- In North East Derbyshire, 42% of the workforce is resident in the borough, 20% commutes in from South Yorkshire but far more workers, 44%, come from other parts of D2N2. 25% of residents work in the borough, 27% work in South Yorkshire and 42% work in the rest of D2N2.

- In Bolsover, 37% of the workforce is resident in the borough, 6% commutes in from South Yorkshire but far more workers, 55%, come from other parts of D2N2. 30% of residents work in the borough, 8% work in South Yorkshire and 56% work in the rest of D2N2.

- There is a high degree of labour market self-containment in D2N2, with 91% of D2N2 labour force living and 86% of D2N2 residents working here. This brings the average self-containment to 89%, one of the highest amongst all LEPs, and provides evidence of the cohesiveness of local labour markets.

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4 Derbyshire Dales, North East Derbyshire, Chesterfield, Bolsover, and Bassetlaw
5 NOMIS, Commuting flow data from 2011 Census
6 LEP Network analysis of Census 2011 commuting flow data
• The overlap area, in particular, is part of six self-contained non-overlapping Travel to Work Areas (TTWAs)\(^7\). Five of them\(^8\) are entirely within D2N2 boundaries, while Sheffield TTWA only includes northern peripheries of North East Derbyshire and Derbyshire Dales.

• Changes in commuter flows, which define TTWAs, suggest strengthening of the internal circulation of the Derbyshire population resulting in growing Chesterfield TTWA and receding northwards Sheffield TTWA. This indicates a reduction of influence of the South Yorkshire economy on commuting patterns of Derbyshire residents\(^5\).

**Skills**

• Across D2N2 and the overlap areas, a large degree of residents are retained in education across different subjects, levels and age groups. There is particularly strong self-containment in further education (FE) indicating a link between the D2N2 LEP economy and skills acquisition. Of residents in higher education (HE), the D2N2 area retains a greater share than South Yorkshire, with little observed crossover in HE movements between the two areas. Similarly, D2N2 is a net importer of graduates finding employment, retaining a greater proportion of students graduating in the area in employment than South Yorkshire\(^9\).

**Housing Market Areas (HMA)\(^10\)**

• Similarly to travel to work areas, housing market areas do not fit precisely to district or county boundaries reflecting local housing provision.

• The North Derbyshire and Bassetlaw Housing Market Area (HMA) covering North East Derbyshire, Chesterfield, Bolsover and Bassetlaw has been reviewed regularly and has retained its integrity over a long period confirming a strong relationship with the Derbyshire and Nottinghamshire counties.

• HMAs for the four local authorities of Barnsley, Doncaster, Rotherham and Sheffield do not overlap with the D2N2 area, indicating distinct separation.

• Housing delivery is more effectively coordinated using well-established HMAs to assess, plan and deliver housing across the two counties.

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\(^7\) TTWAs are defined to approximate self-contained local labour market areas, where the majority (75%) of an area’s resident workforce work, and where the majority (75%) of the workforce live

\(^8\) Derby, Buxton, Chesterfield, Worksop and Retford, and Mansfield

\(^9\) AECOM, Report on the Impact of the Proposed Inclusion of Chesterfield Borough Council in the Sheffield City Region Combined Authority, August 2016

\(^10\) A geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work
Economic Performance

- At £45.4bn per annum, the D2N2 is also 4th largest and fastest growing economy among Core City LEP areas. The economic performance of the D2N2 area is strong and is the result of a comprehensive approach to strategic planning, priority setting and decision making in driving economic growth across the whole constituent geography. This is evidenced by both long-term and short-term growth rates in D2N2 and the overlap area that exceed those observed in South Yorkshire11.

- The productivity level, the most important determinant of living standards, is also higher in both D2N2 and the overlap area than in South Yorkshire12. The overlap area also experienced consistently higher productivity growth than in South Yorkshire13.

- The economy of the overlap area aligns more closely to D2N2 than South Yorkshire. Most notable differences are in the Manufacturing sector and Trade, Transport, Accommodation and Food services, which make up a larger proportion of D2N2 and the overlap area economy compared to South Yorkshire14.

- These sectors of the economy are not only more concentrated in D2N2 but are also better performing. For example, over the last 5 years the Manufacturing sector grew by 23% in the overlap area, while expanding by only 14% in South Yorkshire. A starker difference can be seen in Transport Equipment Manufacturing, one of D2N2 priority sectors, which over the last ten years expanded by 21% in D2N2 while contracting by 73% in South Yorkshire. Consequently, any loss or re-focussing of economic activity into different sectors may be damaging to the growth potential of D2N2.

Administrative geographies15

- In early 2015, Government confirmed there was a ‘clear and convincing case’ for the D2 and N2 functioning economic geographies when it considered proposals for combined authorities covering the area. Subsequently, Government advised that the whole D2N2 LEP geography was the most appropriate geography to secure a substantial devolution deal and combined authority. It considered this would secure the best economies of scale in service delivery and reflected the functioning geography of the area.

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11 ONS, Regional GVA:
2011-2016: D2N2 – 17.3%, Overlap – 17.2%, South Yorkshire – 15.7%
2006-2016: D2N2 – 29.7%, Overlap – 35.2% South Yorkshire – 24.6%
12 ONS, GVA per FTE from Regional GVA and Business Register and Employment Survey (BRES):
2016: D2N2 – £58,200 Overlap – £59,200, South Yorkshire – £53,900
13 ONS, GVA per FTE from Regional GVA and Business Register and Employment Survey (BRES):
2011-16: D2N2: 8.5%, Overlap – 13.6%, South Yorkshire – 7.8%
14 ONS, Regional GVA, 2016:
Manufacturing share: D2N2 – 17.7%, Overlap – 18.3%, South Yorkshire – 12.7%
Trade, Transport, Accommodation & Food share: D2N2 – 19.6%, Overlap – 23.6%, South Yorkshire – 18.4%
15 AECOM, Report on the Impact of the Proposed Inclusion of Chesterfield Borough Council in the Sheffield City Region Combined Authority, August 2016
There is a high degree of correlation between the delivery footprint/ administrative boundaries of Derbyshire and Nottinghamshire County Council's and those of the overlap areas, local statutory partners, Government departments and other regional structures.

In most cases, these footprints hold true to the boundary between South Yorkshire in the north and Derbyshire & Nottinghamshire in the south which is also the division between the Northern Powerhouse (Transport for the North) and the Midlands Engine (Midlands Connect). This correlation of administrations and service provision supports convenient and effective partnership working.

Specifically, Government departments have developed operational models for regional working and delivery that have a strong correlation with either the county boundary or the D2N2 LEP area. Both Derbyshire and Nottinghamshire County Council work closely with these departments in the exercise of their statutory duties and functions and recognise the importance of integrated service delivery; the provision of these services is supported by a range of well-established networks and partnerships, some of which are also statutory. This suggests that a complete D2N2 footprint for joint working is not only the most effective and convenient arrangement, but best serves the interests of Derbyshire and Nottinghamshire residents.

There will be considerable risk of duplication, complexity and confusion across a wide range of local (e.g. health and police services) and national (e.g. Jobcentre Plus, Department for Transport) administrations should this no longer be the case.

D2N2 Travel to Work Areas
D2N2 Housing Market Areas

Key:
- Nottingham Outer
- Nottingham Coro
- North East Derbyshire and Bassettlaw
- Derby
- Derbyshire Dales
- High Peak

(Data and map provided courtesy of D2N2 Housing Market Areas)
Appendix 1

STRENGTHENED LOCAL ENTERPRISE PARTNERSHIPS – SUMMARY RECOMMENDATIONS

Role and responsibilities:
Government will:
- Publish a statement on the role and responsibilities of LEPs. LEPs will focus on enhancing productivity. This will be achieved through the development and delivery of their Local Industrial Strategy.
- Publish a further statement on Local Industrial Strategies to guide locally-led work. This statement will be published over the summer. Government will aim to agree Local Industrial Strategies with all areas of England by early 2020.
- Commission an annual economic outlook to independently measure economic performance across all LEPs and the areas they cover.

Government will support all LEPs to:
- Develop an evidence-based Local Industrial Strategy that sets out a long-term economic vision for their area based on local consultation.
- Publish an annual delivery plan and end of year report. This will include key performance indicators to assess the impact of their Local Industrial Strategy, funding and interventions. It will inform objective assessment on LEP performance.

Leadership and organisational capacity:

Government will:
- Increase regular dialogue with LEPs. This includes the Prime Minister chaired Council announced in the Industrial Strategy, as well as a senior official sponsor for every LEP from across government departments.
- Actively work with LEPs to advertise opportunities for private sector leaders to become a LEP Chair when vacancies emerge. While these are not public appointments, we will offer to list vacancies on the Centre for Public Appointments website.
- Offer an induction and training programme for LEP board members and officers on working with Government. We will work with the LEP Network, Local Government Association and other professional development bodies to develop this programme.
- Provide up to £20 million between 2018-19 and 2019-20 in additional capacity funding to support LEPs to implement the review and to provide the strategic and analytical capability needed to develop ambitious Local Industrial Strategies.

Government will support LEPs to:
- Consult widely and transparently with the business community before appointing a new Chair; and introduce defined term limits for Chairs and Deputy Chair.
- Establish more representative boards of a maximum of 20 persons with the option to co-opt up to five additional board members. Our aspiration is that two thirds of board members should be from the private sector;
- Improve the gender balance and representation of those with protected Characteristics on boards with an aim that women make up at least one third of LEP boards by 2020 with an expectation for equal representation by 2023, and ensuring all LEP boards are representative of the businesses and communities they serve.
• **Provide a secretariat independent of local government** to support LEPs decision making.
• **Develop a strong local evidence base of economic strengths, weaknesses and comparative advantages** within a national and international context. This will be supported by **robust evaluation of individual projects and interventions**.

**Accountability and performance:**

Government will:

• Continue to maintain **overall accountability for the system** of LEPs and local growth funding, and implement in full the recommendations of the Ney Review and any future recommendations that may be made as the performance of LEPs is scrutinised and reviewed.
• Assess and publish annual performance against **quantitative and qualitative measures** set out within LEP delivery plans.
• Set out within a revised National Assurance Framework a clear statement on an **escalating approach to intervention** in any instances where LEPs demonstrate that they are found to be underperforming.
• Develop with the LEP Network and LEPs a **sector-led approach to assessing and improving performance** through regular peer review.

Government will support all LEPs to:

• **Have a legal personality**, such as incorporation as companies, or mayoral combined authorities or combined authorities where they exist.
• **Set out clearly and transparently the responsibilities of the Chair, Board, Director, and Accountable Body**, including over spending decisions, appointments, and governance.
• **Actively participate in relevant local authority scrutiny panel enquiries** to ensure effective and appropriate democratic scrutiny of their investment decisions.
• **Hold annual general meetings** open to the public to attend to ensure the communities that they represent can understand and influence the economic plans for the area.

**Geography:**

Government will:

• **Ask LEP Chairs and other local stakeholders to come forward with considered proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers**. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this.

Government will support all LEPs to:

• **Collaborate across boundaries** where interests are aligned when developing strategies and interventions to maximise their impact across their different objectives.

**Mayoral combined authorities:**

Government will:

• **Consolidate its engagement with mayoral combined authorities and their LEPs** with a collaborative approach to agreeing a Local Industrial Strategy.
In mayoral combined authority areas, we will work with each LEP and mayoral combined authority to:

- **Ensure LEPs have a distinctive role in setting strategy and commissioning interventions** to drive growth, jobs and private sector investment
- **Require LEPs and mayoral combined authorities to develop local agreements** which clearly set out roles and responsibilities and accountability.
- **Encourage LEPs and mayoral combined authorities to move towards coterminous geographies where appropriate** in line with the wider discussions on LEP geographies.

**Implementation**

Government will work with LEPs to develop revised proposals for geography by 28 September 2018 and a detailed plan for implementing the above changes before 31 October 2018. We will then work with LEPs, as above, to ensure these plans are implemented effectively across the country.

To support this, Government will publish a revised National Assurance Framework. This will clearly define what is required of each LEP to be compliant and to receive future core and growth funding.

Government will also work with the LEP Network to identify and develop case studies of good practice and commission an additional training offer that will be available to LEP Chairs and board members.
APPENDIX 2

D2N2 LEP REVIEW IMPLEMENTATION PLAN UPDATE

Below is an update on progress towards addressing the recommendations from the LEP review.

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<th>LEP REVIEW RECOMMENDATION</th>
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<td><strong>GEOGRAPHY</strong></td>
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<td>LEPs to submit proposals by the end of September on geographies that best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers.</td>
<td>The focus of the September board paper is to reiterate the D2N2 geography and consider the removal of the existing overlap in line with the recommendations of the review. D2N2 has an overlap in 5 districts with Sheffield City Region. These are Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire.</td>
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<td><strong>ROLES AND RESPONSIBILITIES</strong></td>
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<td>LEPs to produce an annual delivery plan by April 2019 and end of year report at the end of the 2019-20 financial year</td>
<td>D2N2 already produces an end of year report. In terms of an annual delivery plan – currently we produce an operational plan based on the 3 year business plan. We will work with government to understand their requirements for a business plan and put steps in place to produce one that meets the guidelines.</td>
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<td><strong>LEADERSHIP AND ORGANISATIONAL CAPACITY</strong></td>
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<td>Wide consultation with the business community before appointing a new chair and appoints a new deputy chair</td>
<td>Chair appointment process has already been concluded which had cross sector engagement in the process. Deputy Chair has also been appointed.</td>
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<td>Introduction of defined term limits for Chairs and Deputy Chairs</td>
<td>LEP terms of reference already has fixed term appointments of 2 terms of 3 years for the Chair. Deputy Chair term to be confirmed.</td>
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<td>Increase private sector representation on the board so they form 2/3rd of the board with a maximum permanent board size of 20 (option to co-opt 5 board members on a one year basis)</td>
<td>The D2N2 Board currently has 17 seats (15 of which are filled) The composition of that is 7 public sector (local authorities and the FE seat as per government guidance) and 10 private sector including the 2 seats yet to be filled. Based on the current composition the LEP board doesn’t meet the requirement to be 2/3rd Private Sector.</td>
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<td><strong>POSITION FROM D2N2 LEP</strong></td>
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<td>Process to recruit additional private sector board members is underway. The size of the board will also need to be considered.</td>
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<td>Improve gender balance and representation from individuals with protected characteristics on the main board.</td>
<td>Of the 15 board members we currently have 6 female board members, therefore we already have over a third female representation.</td>
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<td>1/3rd female representation by March 2020 and equal representation by March 2023</td>
<td>We will need to consider diversity and gender balance as part of the recruitment of the remaining seats on the board.</td>
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<td>Independent secretariat to support the chair and board in decision making.</td>
<td>D2N2 already has an independent secretariat in the form of the D2N2 Team. The D2N2 staff team are wholly independent from any other public sector body as they are employed by the Chamber.</td>
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**ACCOUNTABILITY AND PERFORMANCE**

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<th><strong>All LEPS to have a legal personality by April 2019.</strong></th>
<th>D2N2 does not currently have a legal identity and operates as an un-constituted partnership.</th>
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<td>Work is underway in conjunction with the LEP network to review options for a legal entity which will be put to the board for a decision.</td>
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<td><strong>LEPS to have a single accountable body in each area by Spring 2020</strong></td>
<td>D2N2 currently have 3 different Accountable Bodies:</td>
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<td>Derbyshire County Council to administer the Local Growth Fund which at £250M is the LEPs largest source of funding.</td>
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<td>Nottingham City Council for the Growing Places Fund (£24m Loan Fund) and the Enterprise Zone rates income.</td>
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<td>Derby City Council for the LEP core costs contribution from HMG (£500K PA)</td>
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<td>We are currently finalising a specification for a single Accountable Body based on the requirements of each of the LEP funding streams and will need to factor in what additional financial support the LEP will need once it becomes an independent legal entity.</td>
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<td>Board will be asked to approve this in October/November. On approval undertake a procurement exercise by the end of 2018 to select a single authority and put into place transition arrangements to move from 3 to 1 by the start of the new financial year in April 2019.</td>
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<tr>
<td>LEP REVIEW RECOMMENDATION</td>
<td>POSITION FROM D2N2 LEP</td>
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<td>LEPs to hold an annual general meeting open to the public and properly promoted.</td>
<td>D2N2 already holds an annual meeting open to the public.</td>
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<td>LEPs to set out who is accountable for spending decisions, appointments, and overall governance locally. This should be reviewed as part of a revised Local Assurance Framework.</td>
<td>As part of the ongoing governance review we will need to revise our LEP board terms of reference to clearly identify schemes of delegation and accountability. Government are due to publish revised guidance for LEP Local Assurance Frameworks in the Autumn. Following the publication of the revised guidance we will revise and update our local framework accordingly and by April 2019.</td>
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<td>LEPS to set out how they will ensure external scrutiny and expert oversight</td>
<td>D2N2 currently has public sector engagement and scrutiny in the form of board level representation and officer level attendance at various local authority scrutiny committees. In addition Derbyshire County Council as the Accountable Body for the Local Growth Fund have also put in place separate audit and scrutiny arrangements to provide a check and challenge to the management of funding. Government are due to provide guidance on what scrutiny arrangements need to be put in place for each LEP. Once we receive further guidance we will seek to put formal mechanisms in place. This will also need to tie into the single accountable body procurement and guidance on the role of the section 151 (local authority finance director).</td>
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