D2N2 LEP BOARD

Monday, 15 January, 2018
2.00 pm – 4.00pm

Derbyshire County Council, Ctee Rm 1, County Hall,
Matlock Derbyshire DE3 4AG
D2N2 LEP BOARD  
Monday, 15 January, 2018 2.00 - 4.00 pm  
Committee Room 1, Derbyshire County Council,  
County Hall, Matlock Derbyshire DE4 3AG

<table>
<thead>
<tr>
<th>1. Preliminaries</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Welcome and Introductions</td>
<td>Verbal 14.00</td>
</tr>
<tr>
<td>1.2 Declarations of Interest</td>
<td>Verbal 14.02</td>
</tr>
<tr>
<td>1.3 Minutes of last meeting and matters arising</td>
<td>Paper 14.04</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Updates for Information</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 2.1 App D is an exempt item under Local Government (Access to Information) Act</td>
<td></td>
</tr>
<tr>
<td>2.1 Chair’s Report, including:</td>
<td></td>
</tr>
<tr>
<td>(a) D2N2 staffing</td>
<td></td>
</tr>
<tr>
<td>(b) D2N2 Governance, including the implications of:</td>
<td></td>
</tr>
<tr>
<td>(i) Industrial Strategy/LEP review</td>
<td></td>
</tr>
<tr>
<td>(ii) Annual Conversation feedback (App B)</td>
<td></td>
</tr>
<tr>
<td>(iii) CLG implementation of the Ney Review findings</td>
<td></td>
</tr>
<tr>
<td>(iv) LGF Audit Report (confidential App D)</td>
<td></td>
</tr>
<tr>
<td>(v) Media coverage report (App C)</td>
<td></td>
</tr>
<tr>
<td>Peter Richardson</td>
<td>Paper 14.10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Items for Decision</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 SEP refresh/Industrial Strategy</td>
<td>Matthew Wheatley</td>
</tr>
<tr>
<td>3.2 Skills Commission Update Report</td>
<td>Melanie Ulyatt</td>
</tr>
<tr>
<td>3.3 D2N2 Business Growth Hub Update Report</td>
<td>David Williams</td>
</tr>
<tr>
<td></td>
<td>Paper 14.40</td>
</tr>
<tr>
<td></td>
<td>Paper 15.15</td>
</tr>
<tr>
<td></td>
<td>Paper 15.20</td>
</tr>
<tr>
<td>3.4</td>
<td>Item 3.4 D2N2 Enterprise Zone (i) and (ii) Nottingham and Derby are exempt items under Local Government (Access to Information) Act and (iii) Markham Vale</td>
</tr>
<tr>
<td>3.5</td>
<td>GPF Report Capital Projects</td>
</tr>
<tr>
<td>3.6</td>
<td>Infrastructure and Investment Board report</td>
</tr>
<tr>
<td>3.7</td>
<td>HS2 Update Report</td>
</tr>
<tr>
<td>4.</td>
<td>Any other business</td>
</tr>
<tr>
<td>5.</td>
<td>Date of next meeting: Monday, 19 March, 2018 (10am – 12 noon Nottinghamshire County Council)</td>
</tr>
</tbody>
</table>

*Tea/coffee will be available on arrival*
DATE: 15 January 2018
REPORT LEAD: Peter Richardson
AGENDA ITEM: 2.1
TITLE: Chairman's Report

1. INTRODUCTION

1.1 Since my last report there have been a number of significant developments in national policy related to LEPs and within the D2N2 LEP itself. This report provides updates and proposes next steps in 2 areas:
   a. D2N2 staffing
   b. D2N2 Governance, including the implications of
      i. Industrial Strategy / LEP review
      ii. Annual Conversation feedback (app B)
      iii. CLG implementation of the Ney Review findings
      iv. LGF Audit Report

1.2 In addition, the media coverage report is attached (Appendix C)

2. RECOMMENDATION

2.1 Board is asked to NOTE the report and agree the way forward and approve the development of an iterative Action Plan to review and refine the governance of D2N2 LEP.

3. BUSINESS ENGAGEMENT UPDATE

3.1 There is no formal written update on business engagement. There remains a business board vacancy to fill.

4. D2N2 STAFFING

4.1 As communicated to the Board by email separately in December, 2017, I accepted the resignation of David Ralph. I would like to express my thanks particularly to Scott Knowles, Ian Curryer and Anthony May for their support, assistance and guidance throughout that period and to date. It was agreed between the four of us that the LEP needed to move swiftly to ensure stability and leadership for a period of a few months whilst the Board completed all the reviews outlined in this particular report and then put in place the revised structures within the LEP and elsewhere, notably support for the HS2 Growth Plan. So an internal recruitment process was undertaken to put in place an interim D2N2 Chief Executive and the successful candidate would be given substantial senior executive support from the Upper Tier Authorities, the East Midlands Chamber and elsewhere if necessary. Three candidates were offered an
interview but only Matthew Wheatley felt he could commit himself from January to the post of interim Chief Executive Officer. His performance will be reviewed mainly by me with consultation and input of Ian, Anthony and Scott and a full Board review will be undertaken after 6 months.

4.2 Also, in November, Sajeeda Rose joined the staff team as Senior Manager - Growth Deal and Capital Programmes, leading on the management of the LEPs’ Local Growth Fund, Enterprise Zone, Growing Places fund and other capital expenditure responsibilities. Sajeeda has extensive experience of local partnership working having formerly been Chief Operating Officer of Northamptonshire LEP and previously held a number of positions at East Midlands Development Agency. She will be working 4 days per week.

5. BOARD MEMBERSHIP

5.1 Following Peter Gadsby’s decision to step down as Chair of the Enterprise Zone Steering Group, I shall be discussing with Board members how the role can be filled. I would like to sincerely thank Peter for the considerable time and expertise that he has devoted to our Enterprise Zone over the past 5 years.

5.2 I am also pleased to report that following further conversations, Melanie Ulyatt has decided to remain on the Board.

6. THE BUDGET AND THE INDUSTRIAL STRATEGY WHITE PAPER

HMT Autumn Budget

6.1 On 22nd November, the Chancellor delivered his Autumn budget which, whilst containing a range of measures to support the economy, was relatively light on specific policies for LEPs or direct investments to the East Midlands. A briefing on the Budget is attached as Appendix A.

6.2 As part of the Budget, the Chancellor did announce the creation of the ‘Transforming Cities Fund’, using £1.7 billion from the National Productivity Investment Fund, to support intra-city transport projects that drive productivity.

6.3 Half of the Transforming Cities Fund will be allocated via competition for transport projects in cities and the other half will be allocated on a per capita basis to the 6 combined authorities with elected metro mayors. This includes an allocation of £250 million for the West Midlands. In addition, the Chancellor announced a second devolution deal in principle with the West Midlands Mayor and Combined Authority which included a further £6 million for a housing delivery taskforce and £5 million for a construction skills training scheme.

6.4 Whilst the additional funding in the Budget is welcome, the pre-allocation of the Transforming Cities Fund will do little to address the historic under funding of
infrastructure and economic development in the East Midlands recently highlighted by East Midlands Chamber and East Midlands Councils as part of their East Midlands Infrastructure Summit and ‘Declaration’.

6.5 Other relevant initiatives in the Budget include a new £190 million Challenge Fund that local areas around the country will bid for to encourage faster rollout of full-fibre broadband networks. D2N2 LEP is supporting local partners to submit a collaborative D2N2 wide application.

*Industrial Strategy White Paper*

6.6 The Government’s Industrial Strategy White Paper, which was published on 27th November, has potential consequences for the strategic, funding and operational roles of Local Enterprise Partnerships. Its implications for the Strategic Economic Plan, particularly through the requirement for LEPs to lead the development of Local Industrial Strategies, are examined under item 3.1 ‘SEP Refresh and Industrial Strategy’.

6.7 In the Industrial Strategy White Paper, the Government recognises a key role for Local Enterprise Partnerships but indicates that Government will review and reform their ‘leadership, governance, accountability, financial reporting and geographical boundaries’. The Government also indicates that

“We will work with Local Enterprise Partnerships to set out a more clearly defined set of activities and objectives in early 2018”, but also;

“We will make additional financial resources available to Local Enterprise Partnerships that demonstrate ambitious levels of reform following the review”

6.8 A Ministerial review of LEPs is currently taking place, which is due to conclude in Spring 2018. D2N2 will need to consider its implications in due course.

6.9 The Industrial Strategy indicates that new funding will be available to support investments in each of the five ‘foundation themes’ of the strategy, comprising:

a. Ideas (R&D, innovation)
b. People (skills and education)
c. Infrastructure (broadband, energy, transport)
d. Business environment (support for specific sectors and SMEs)
e. Places (tackling regional disparities)

7. **ANNUAL CONVERSATION**

7.1 The Annual conversation is a formal process by which the Government (Cities and Local Growth Unit) meet annually with all LEPs to review governance, delivery and strategy. The 2017 meeting took place in Matlock on 29th November. It was attended
by myself, Cllr Lewis as Chair of the IIB, the Section 151 officers from the three local authorities (Nottingham, Derby and Derbyshire) that manage Government Funds on behalf of the LEP and key LEP staff.

7.2 There was a detailed and productive discussion. The Actions Points are attached as Appendix B with the full note available on request. Key matters arising include;

a. Government highlighted the perceived challenges arising from the LEP continuing to have different Accountable Bodies for LGF, GPF/EZ and core funding.
b. There is a need to manage and minimise any potential LGF underspend this year
c. D2N2 should continue its work to produce a refreshed SEP in the New Year, based on its new analysis of its key economic and sectoral challenges (aligned to the Industrial Strategy theme)

8. **LGF AUDIT REPORT**

8.1 Derbyshire County Council’s Audit Services function recently completed an audit of the Local Growth Fund for which the Council is the Accountable Body. A number of areas of good practice have been identified but there are other areas of improvement identified to strengthen governance and administrative arrangements, improve the monitoring and management of projects and the recording of eligible expenditure incurred by individual projects. Full details are contained within confidential Appendix D which is available separately for Board members only.


9.1 At its last meeting the Board considered the implications and actions arising from the report, which was published on the 26 October.

9.2 As reported to the last Board meeting, CLG have accepted the recommendations of the review of Local Enterprise Partnership Governance and Transparency undertaken by Mary Ney, Non-Executive Director at CLG in full and have been engaging with LEPs to help support the implementation of the Review recommendations. As part of this, CLG is developing Best Practice Guidance to set out the minimum standards required for certain governance and transparency requirements, including guidance on;

a. the publication of meeting and agenda items.
b. confidential reporting procedures for third parties and the public.
c. Whistleblowing Policy.
d. Codes of Conduct.
e. Registers of interests.
9.3 The guidance from Government will only address part of the recommendations for the Ney report. There will be other requirements on LEPs including a brief formal assurance statement on an annual basis from the leadership of the LEP (i.e. the Chair and CEO), on the status of governance and transparency within their organisation to be published on the website.

9.4 In addition, D2N2 will be required to get Section 151 officer endorsement of the compliance of its Local Assurance Framework before the end of February 2018.

9.5 The guidance from Government is part of an incremental approach to reviewing and refreshing the governance of LEPs, including the ‘Annual Conversation’ process and the Ministerial review of LEPs.

9.6 The importance of demonstrating and operating effective LEP governance procedures has been illustrated by the National Audit Office Investigation into the governance of Greater Cambridge Greater Peterborough Local Enterprise Partnership and the subsequent decision to liquidate the LEP and replace it with a new Business Board.

10. ENGAGEMENTS

10.1 Since the last Board Meeting, I have carried out a number of engagements, to promote the profile and activities of the D2N2 LEP, including:
- Nottingham College consultation meeting
- Dr Glenn Crocker, BioCity Nottingham
- Ferg Slade, Nottingham City Council re: Broadmarsh development update
- Midlands Engine Executive Board
- Met Leader and CEO of Bolsover District Council
- Greater Broadmarsh Programme Board
- Derby Renaissance Board
- D2N2 Business Breakfast – presentation and networking
- West Notts College stakeholder dinner
- HS2 Strategic Board
- Inaugural Lecture, University of Nottingham Vice-Chancellor Prof Shearer West
- Culture and Leisure Board, Derby City Council
- Sustainable Urban Development (SUD) committee
- Prof Judith Lamie, Pro Vice-Chancellor: External Affairs, Derby University
- Louise Lenton, ACAS East Midlands Area Director

10.2 Ahead of the next Board, I have these meetings scheduled:
- LEP Network Management Board
- Metro Strategic Advisory Group Summit
- Marketing Derby Annual Business Event 2018
- Greater Broadmarsh Programme Board
- Nottingham Business School Advisory Board
- Rushcliffe Corporate Peer Challenge
11. MEDIA ACTIVITY

11.1 I attach the regular D2N2 Media Coverage Report (appendix C) for the Board’s attention, detailing media coverage (in print, on radio and television, and digitally/online) achieved by D2N2.

11.2 This report lists coverage by:
   a. publication/media source
   b. date of article
   c. headline or summary of the news item
   d. ‘reach’ (maximum potential readership, listeners, viewers or website users) who might have seen the article.

11.3 There is also a ‘Highlights’ section listing the top media ‘talking points’ for the period.

11.4 Copies of individual articles mentioned in the Media Coverage Report can be supplied to Board members on request. Contact our Social Media and Marketing Officer Sam Burbage

12. NEXT STEPS

12.1 It will be important that the D2N2 LEP continues to progress with its strategy development and operational and governance review to ensure that the area is best placed to take advantage of the opportunities arising from the Industrial Strategy and, in time, the ‘Shared Prosperity Fund’ that Government intends to launch to replace EU Structural and Investment Funds.

12.2 I have asked the Chief Executive to work with the staff team and partners to complete the review of the Strategic Economic Plan, review the LEP’s Operational Plan and ensure that our governance arrangements are suitably rigorous and appropriate to our ambition. This will require the development of an iterative Action Plan to respond to the recommendations of the;
   a. Annual Conversation report
   b. LGF Audit recommendations
   c. The ‘Ney’ review – following Government guidance as appropriate
   d. The outcomes of the Ministerial Review of LEPs, when announced

Peter Richardson
Chairman
Autumn Budget 2017
Building the new economy

- To ensure that the next generation can look forward to a better future than the one before it, the Budget: backs innovators who deliver growth; helps businesses create better, higher paying jobs and makes sure everyone has the skills they need to succeed in the new economy.

1. Raising UK productivity is the only sustainable way to raise wages and living standards. However, UK productivity growth has stalled over the past decade.

2. The benefits of increasing productivity are clear. If we were to increase the productivity of our five biggest city regions outside of London so that they matched the UK average, UK GDP would rise by £31 billion a year.

To build the new economy, the Budget announces:

- the National Productivity Investment Fund (NPIF), introduced last year, will be extended to 2022-23 and increased to £31 billion. This increase will support jobs and growth by investing in housing, transport, R&D and digital communications across the UK. Excluding the exceptional years following the financial crisis, overall public investment will reach its highest level in 30 years by 2020-21 (as a percentage of GDP)

- a Transforming Cities Fund will invest almost £1.7 billion to improve local transport and tackle congestion. Half will be allocated via competition and half will be allocated to the six areas with elected metro-mayors: £74 million for Cambridgeshire and Peterborough, £243 million for Greater Manchester, £134 million for Liverpool City Region, £80 million for West of England, £250 million for West Midlands and £59 million for Tees Valley

- the largest boost to R&D support for 40 years. Government spending on R&D will increase by a further £2.3 billion in 2021-22, taking total spend on R&D in that year to £12.5 billion. The industrial strategy white paper will provide further detail on what this funding will support

- the R&D Expenditure Credit (RDEC) will be made more generous, increasing support for businesses investing in R&D, with the rate increasing from 11% to 12% from 1 January 2018. Combined with other spending, this demonstrates clear progress towards the government’s ambition to raise investment in R&D in the economy to 2.4% of GDP by 2027

- that the government wants to see fully self-driving cars, without a human safety operator, on UK roads by 2021. Therefore, the government will make world leading changes to the regulatory framework, such as setting out how driverless cars can be tested without a human safety operator
the government will take action to ensure the UK is a world leader in electric cars, including:

- £200 million government investment, matched by the private sector, in a new £400 million fund to support the growth of chargepoint companies across the UK
- an extra £100 million of NPIF funding for the Plug-In Car Grant to help consumers with the upfront cost of battery electric cars
- regulatory measures to accelerate the deployment of charging infrastructure

- £385 million from the NPIF will fund the development of next generation 5G mobile, full fibre broadband networks and improve mobile and internet connectivity for train passengers

- the government will unlock over £20 billion of new investment to finance growth in innovative firms. The 10-year action plan includes:
  - a new Investment Fund within the British Business Bank
  - extending and re-directing investment through the Enterprise Investment Scheme
  - removing barriers to growth within Entrepreneur’s Relief
  - supporting long-term investment by pension funds and other investors

- another £261 million will be invested in maths and computer science education. This will include tripling the number of fully-qualified computer science teachers to 12,000 and providing £600 to schools and colleges for each additional 16 year-old pupil who decides to study Maths A Level or Core Maths

- the government announced T Levels at Spring Budget 2017. As implementation gets underway, the government will invest up to £20 million to help teachers prepare for this change

- to develop the National Retraining Scheme, the government will enter into a formal skills partnership with the Trades Union Congress and the Confederation of British Industry. As a first step, we will invest £64 million in digital and construction training

- a new Centre for Data Ethics and Innovation, a world-first advisory body to enable and ensure safe, ethical innovation in artificial intelligence and data-driven technologies

- a new Geospatial Commission that will start by establishing how to open up Ordnance Survey mapping data to UK-based small businesses, committing £80 million over the next two years
1. Governance:
   i. Further work should now be pursued on formally re-establishing the Local Authority “committee” arrangements at D2N2 level
   ii. Government guidance will be issued shortly to provide clarity on conflicts/accountability/transparency issues; following which the LEP will review its local Accountability Framework and associated policies again
   iii. The LEP would be prioritising recruitment to the 2 private sector vacancies to provide leadership on its strategic priorities
   iv. By spring 2018 the LEP will reach a clearer view on its Accountable Body arrangements, on the assumption that moving to a single AB is the direction of travel to ensure robust assurance and provide greater opportunities to align different programmes (e.g. GPF, LGF)
   v. The LEP will ensure MPs are engaged on a regular basis as an ongoing action
   vi. The Chair committed to ensure a transition to a new EZ Steering Group Chair role, enhance the management of conflicts of interest in line with CLG steer and to further tighten up governance and transparency in its decision-making processes

2. Delivery:
   i. Aim to clarify formal Government position on use of multiple ABs to support underspend flexibilities
   ii. The LEP needs to work proactively to clarify its expected underspend by end of year – current formal forecast is an under-estimate, with clarity needed on what this should be expected to be by year end; and, alongside this, the LEP/ABs to confirm steps required to ensure a sustainable investment and funding model (as opposed to an increasing AB “buffer”)
   iii. Govt to again consider, in discussions with other Departments, opportunities for a [e.g. up to 5] % provision for delivery capacity as part of spend programmes and to seek examples of good practice from LEPs that can be shared.
   iv. GPF will be reviewed to establish a new model to unlock greater impact

3. Strategy:
   i. A wish to see close working and “co-production” with Government on a D2N2 “Local Industrial Strategy”, from the point when the policy framework should be clearer (currently expected by the New Year)
   ii. Meanwhile, the LEP will continue its work to produce a refreshed SEP in the New Year, based on its new analysis of its key economic and sectoral challenges (aligned to the Industrial Strategy themes)
   iii. The LEP will look again at its sector groups and consider whether support to these could be re-instated if appropriately streamlined/prioritised (in the light of SEP/LIS thinking)
1. INTRODUCTION

1.1 This report updates Board on the review of the Strategic Economic Plan, its relationship with the ‘Industrial Strategy White Paper’ and asks for Board endorsement of a ‘Strategic Framework’ for open consultation to inform the final SEP.

1.2 The report also summarises a number of developments since the last meeting of the D2N2 Board that have direct relevance to the refresh of the D2N2 Strategic Economic Plan, including further evidence from the draft D2N2 Science and Innovation Audit, the report of the Government’s Social Mobility Commission and the consideration of the LEP’s strategic direction at the recent Board ‘away day’.

2. SEP EVIDENCE

2.1 The LEP has gathered an extensive base to support the review of the SEP, which is available at http://www.d2n2lep.org/growth/evidence-base. A key ‘emerging’ piece of evidence is the draft D2N2 Science and Innovation Audit.

The D2N2 Science and Innovation Audit

2.2 To better understand the capability, strengths and potentially ‘world class’ sectors and assets within D2N2, the LEP commissioned a Science and Innovation Audit for the D2N2 area by SQW Ltd following the same methodology as the Midlands Engine Science and Innovation Audit (SIA). The output of the work will be an evidence base that will support the review of the Strategic Economic Plan, enable local partners to respond to opportunities from the Government’s Industrial Strategy and Sector Deals and inform D2N2’s future approach to supporting businesses, particularly in driving productivity.

2.3 The D2N2 SIA has been informed by extensive research and consultation. The evidence has directly fed in to the SEP review process and the final report is on the D2N2 web-site. Whilst there are very many findings related to our innovation assets, sectoral strengths and key enabling technologies, there are four particular conclusions that have potential key implications for the SEP. They are the identified need to;

- improve access to finance for our ambitious scale-ups
- strengthen and realign our skills base (in the context of industrial digitalisation and the data revolution)
- embed a more pervasive culture of innovation across all parts of our economy
- support our major corporates to undertake increased levels of R&D activity locally.
2.4 On 28th November the UK Government’s Social Mobility Commission published its fifth annual report. The Social Mobility Commission monitors progress towards improving social mobility in the UK. Using the Social Mobility Index, the report ranks all 324 (unitary and district) local authorities in England in terms of their social mobility prospects for someone from a disadvantaged background. It uses a range of 16 indicators for every major life stage, from early years through to working lives, to map the nation’s social mobility hotspots and coldspots.

2.5 Of particular note is the table on pages 5 and 6 of the report identifies the best and worst performing unitary and district authorities areas against all social mobility indicators. It indicates that 13 of the 17 City or District authorities in D2N2 are in the lowest ranked 65 local authority areas (i.e. social mobility ‘cold spots’) and only 1 (Rushcliffe) is in the top 65 and categorised as a ‘hotspot’.

2.6 The board may wish to consider how the refresh of the Strategic Economic Plan could address the factors of social mobility identified in the report.

Industrial Strategy

2.7 On 27th November, Government published its Industrial Strategy (White Paper). The ‘Key Points’ from the Industrial Strategy are summarised at Appendix A. The strategy asks Local Enterprise Partnerships to lead the development of Local Industrial Strategies, the first of which will be agreed by March 2019. It states;

“*We will work in partnership with places to develop Local Industrial Strategies, which will be developed locally and agreed with the government. These strategies will help identify priorities to improve skills, increase innovation and enhance infrastructure and business growth.*

*Local Industrial Strategies will be long-term, based on clear evidence, and aligned to the national Industrial Strategy. They will identify local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness. This might include addressing skills issues, improving infrastructure, harnessing the potential*

*We will agree the first Local Industrial Strategies by March 2019.*

*For parts of the country without a mayor, the development of the strategy will be led by the Local Enterprise Partnership.*”

2.8 The Industrial Strategy White Paper, contains a number of potential funding opportunities for local areas with further potential opportunities arising from Sector Deals and, in time, the Shared Prosperity Fund.

2.9 Advice from BEIS officials at is that D2N2 should press rapidly ahead with the finalisation of its SEP, using the evidence gathered to date, rather than delay awaiting any formal
process relating to a Local Industrial Strategy, the first of which would not be published until Spring 2019 at the earliest. The SEP is very much the strategy of the local LEP area whereas the 'LIS' will be more of a co-production with government.

2.10 Whilst the SEP is intended to be drafted to be a long term, ‘bottom up’ strategy driven by the evidence and local ambition rather than the requirements of any particular guidance or funding opportunity, it is suggested that the SEP should follow the broad structure and approach of the Industrial Strategy, building on the strong evidence based gathered to date on the local economy, its clusters and sectors. This would help ensure that the swift finalisation of the SEP can put D2N2 in a strong position to take advantage of the opportunities arising from the policies in the Industrial Strategy.

D2N2 Board Away Day

2.11 The Board away day on 28th November included a significant discussion on the future strategic direction of D2N2 LEP, particularly in the context of the Industrial Strategy White Paper published the previous day. In the away day discussions, Board members stressed the importance of;

a. Developing a strategy together with investment propositions that gives Government and private sector the confidence / assurance to invest in D2N2
b. Understanding the evidence – strengths and weaknesses
c. Setting a long term vision – beyond ‘guidance’ and tactics
d. Focusing efforts on a small number of priorities and organise the LEP to promote their delivery
e. Identifying the best ‘products’ to deliver our objectives
f. Displaying the ‘behaviours’ to underpin effective partnership action, including;
   i. Act on the basis of evidence
   ii. Collaborate – not just work in partnership
   iii. Prioritise – using agreed criteria

2.12 The views expressed at the away day have informed and shaped the development of the draft D2N2 Strategic Framework.

3. FRAMEWORK FOR A REFRESHED SEP

3.1 After the last Board meeting, it was clear that further work needed to be done to interrogate the evidence base to provide a clear picture of the specific strengths, weaknesses, opportunities and threats to the D2N2 economy to inform what the priorities of the D2N2 SEP should be, particularly to respond to the wish of the Board for focus and prioritisation.

3.2 On the advice of the Chair, SQW consultants have been steered between Board meetings by a small group comprised of the Chair and business Board members Paul Harris and David Williams (Geldards) with additional input from the officer task group. This has supported a detailed review of the evidence available (available at http://www.d2n2lep.org/growth/evidence-base) and the development of a draft ‘Strategic Framework’ for Board to consider, clearly based on the evidence gathered and informed by ‘scoping’ interviews with key partners. The evidence review not only looks at the
current and historic performance of the D2N2 economy but also reviews the implications of current and future ‘mega trends’ for the economy including;

a. The impact of digital enabling technologies
b. The impact of decarbonisation and greater resource efficiency
c. The impact of the ageing population

3.3 The draft D2N2 ‘Strategic Framework’ is attached as Appendix B.

3.4 The framework identifies five key thematic priorities, based on the evidence gathered, initial suggested ‘priority actions’ for the SEP, and a draft long term vision for the D2N2 economy.

3.5 Board are asked to consider and comment on the Strategic Framework document. Should Board approve the draft Strategic Framework, it will be issued for open consultation with focus groups for each of the 5 identified key themes to further shape the priorities within those themes.

4. NEXT STEPS

4.1 As indicated above, should the Board approve, the Strategic Framework will be issued for a period of open consultation. In parallel, focus groups will be convened under each of the 5 identified key themes to further shape the priorities within those themes consultation.

4.2 A draft Strategic Economic Plan document will then be prepared in consultation with key partners and presented to Board on 19th March and published thereafter.

4.3 Whilst it is intended that the SEP contains a small number of priority actions, it is intended to be a long term (12 year) document and detailed action planning to implement the SEP will continue through to and beyond its publication. It is suggested that there is an initial action-planning focus on skills and HS2.

5. RECOMMENDATION

5.1 Board are asked to NOTE progress on the review of the Strategic Economic Plan, comment on the Framework document and APPROVE issuing it for consultation.
APPENDIX A: Key points of the industrial strategy

Five Foundations

The government has identified five foundations of productivity which are "the essential attributes of every successful economy". These are:

- Ideas (R&D, innovation)
- People (skills and education)
- Infrastructure (broadband, energy, transport)
- Business environment (support for specific sectors and SMEs)
- Places (tackling regional disparities)

The policies in the industrial strategy are categorised according to which foundation they support and are summarised below.

Grand Challenges

Improving the Five Foundation will enable to UK to tackle a series of Grand Challenges that the government has identified which will help the UK "take advantage of global changes, improve people's lives and the country's productivity."

The Grand Challenges are

1. **AI and the data revolution** (how to embed and maximise the advantages of AI and data)
2. **Clean growth** (low carbon technologies across the economy)
3. **Mobility** (low carbon transport, automation, infrastructure)
4. **Aging society** (healthcare and labour market challenges)

Sector deals

These partnerships between government and industry help industries to overcome specific issues that they face. These partnerships will involve industry councils which meet regularly to identify issues and decide how to tackle them. The councils include industry leaders and government representatives.

This model has been used successfully in the automotive, creative and aerospace industries for several years.

The industrial strategy lists four sectors (some of which already have sector partnerships with government). Other sector deals will be announced in the new year. The four sectors detailed in the strategy are:

- Life sciences
- Construction
- AI
- Automotive

The Government will create an independent **Industrial Strategy Council** to assess progress and make recommendations to the government.

Key industrial policies
Ideas
- R&D investment raised to 2.4% of GDP by 2027 (including £12.5 billion more public R&D investment by 2021/22)
- R&D tax credit increased from 11% to 12% in January 2018
- £725 million over four years invested in Wave 2 of the Industrial Strategy Challenge Fund. This competitive funding programme will address themes related to the Grand Challenges.

People
- New technical education system as recommended in the Skills Plan, including 'T Levels' (emphasising technical skills) and apprenticeships
- Invest £400 million in maths, digital and technical education
- Create a National Retraining Scheme by the end of the Parliament, including £64 million investment for digital and construction retraining
- Increase ethnic minority employment and employment of disabled people. Support carers into work.

Infrastructure
- National Productivity Investment Fund increased to £31 billion by 2022/23 to develop transport, housing and digital (of which £24 billion already allocated)
- Electric vehicle infrastructure (such as charging points and car grants) investment increased by £100 million
- Digital infrastructure investment in 5G, rural broadband and data accessibility.

Business environment
- Sector deals to help sectors overcome problems specific to their industry
- Fund more high potential businesses though the British Business Bank, including through the Investment Fund
- Increase productivity in SMEs by analysing the reasons for variable rates of productivity.

Places
- Local Industrial Strategies to deliver economic growth across the UK, helping to develop high growth clusters where appropriate
- Transforming Cities Fund to develop transport links between cities
- Pilot a Teacher Development Premium that will help develop high-quality teachers in areas with lower performing schools.
Refreshing the D2N2 Strategic Economic Plan: 
A draft Strategic Framework for discussion

Briefing pack for the LEP Board
January 2018
## Today’s agenda

<table>
<thead>
<tr>
<th>What we're seeking to achieve…</th>
<th>“… a focused and strategic document that will set out policies and priorities that will drive future investment decisions”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Looking forward to 2030</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Where we’ve got to so far…</th>
<th>• First round of consultation completed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Evidence and Policy Review completed</td>
</tr>
<tr>
<td></td>
<td>• Draft strategic framework prepared</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What we’re presenting today…</th>
<th>• Draft strategic framework, containing priorities, potential objectives and actions and an indicative overall vision</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• … for discussion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issues for the Board’s consideration…</th>
<th>• Your views on the priorities, objectives and actions…</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• … to support wider consultation on the draft framework</td>
</tr>
<tr>
<td></td>
<td>• … and the development of the draft SEP</td>
</tr>
</tbody>
</table>
Economic context

£44billion GVA
... but productivity 13% below UK level

26,000 active enterprises
... but relatively low business density

960,000 jobs
... and unemployment low at 4.6%

World class technology base
... supporting Industrial Strategy

GVA per head, 1997-2015
SWOT headlines: Strengths and Weaknesses

Where we're doing well

- Very strong presence in manufacturing (13% of employee jobs and an LQ of 1.7) – the manufacturing sector is highly productive
- Strong science and innovation base and strong university presence
- High levels of employment (over 95%, and much improved in recent years)

Where we're average/mixed picture

- Mixed connectivity – central location and good north/south links… but poorer east-west (and some internal) connections
- Average business survival rates
- Slightly lower population growth than nationally – 9% growth (197k people) 2014-39… although much slower growth (1%) in the working age population

Where we need to improve

- Low business density and low rates of growth in the business stock
- Relatively weak productivity: 13% below the UK as a whole (although in line with EM average) – and lower productivity in ‘middle tier’ businesses
- Relatively low earnings (30% earn less than Living Wage, compared with 25% nationally)
- Relatively weak workforce skills – especially at higher levels, 32% qualified to NVQ4+, compared with 37% nationally) – and some weaknesses in educational attainment
Looking to the future: Trends, opportunities, threats

**Trends**
- Digitalisation – impacting all sectors of the economy (especially relevant to D2N2’s manufacturing/Industry 4.0 base)
- Decarbonisation – incentives to use lower carbon technologies
- Demographic change – slow growth in working age population

*All incentivising or driving productivity growth*

**Opportunity**
- Planned improvements in connectivity – especially High Speed 2
- Potential for improved links (transport and supply chain) across the Midlands
- Strengthen the links between – and the complementary assets of – Derby and Nottingham
- Leverage D2N2’s distinctive places and attractive quality of life offer to attract/retain talent
- Improve access to superfast broadband in our more rural areas

**Threats**
- Reliance on major firms and vulnerability to potential major ‘economic shocks’ – some of our OEMs have limited R&D activity embedded locally
- Skills shortfalls present a long term threat to business investment. We must also respond to the digitalisation challenge
- Relatively low levels of public investment in infrastructure
- Under-developed profile/image relative to some competitor areas, which will become more important post Brexit
- Our long-term competitiveness will be eroded if we fail to embed a more pervasive culture of entrepreneurship and innovation
Draft Strategic Framework – 5 strategic priorities & an overarching vision for transformational change

By 2030...
"we will have the most productive economy in the Midlands, with the benefits reaching all our communities"
Core objectives and *indicative* priorities for action

### 1: Building resilience, productivity and critical mass

**Opportunities & challenges**

- World class industrial assets, plus exciting early stage clusters
- High levels of employment
- A very strong science & innovation base

*But…*

- High dependency (in some areas) on a few major firms makes us vulnerable to shocks
- Relatively low business density and low rates of growth in business stock (we need to create more firms)
- Relatively weak productivity in ‘middle tier’ businesses

**Objectives: In 2030, we want. . .**

- A strong, resilient and world-class industrial core, driving growth through technology…
- … and anchored in strong locally embedded supply chains
- A strong presence in a range of high-value, innovation-driven activities
- A wider, deeper business base (more businesses, better equipped to scale up)
- An internationalised economy that learns from the best – with high levels of FDI, complementing high levels of exports in a post Brexit world

**Actions: In the next 3-5 years, we will. . .**

- Develop a coordinated engagement programme with our major companies, connecting them with the local economy
- Drive the adoption of digital technologies and measures to enhance productivity in SMEs – identifying barriers and delivering solutions
- Focus support on firms with capacity for GVA/ productivity growth and/or ability to grow in international markets
- Ensure our cities, towns and business parks have the investment to remain attractive places to invest
## Core objectives and *indicative* priorities for action

### 2: Leveraging our connectivity

#### Opportunities & challenges

- Central UK location
- Good north-south rail and road links, and proximity to airports
- Strong record in developing innovative transport solutions
- ‘Once in a generation’ opportunity to improve connectivity through HS2
- Links to Midlands Connect

*But…*
- Poor east-west/ CrossCountry connections e.g. to Crewe
- Constrained internal road and rail links
- … and HS2 won’t automatically bring economic benefits

---

#### Objectives: In 2030, we want... ...

- Excellent connections by road and rail to the Midlands and the rest of the UK
- An integrated transport system across D2N2, linked with HS2 and connecting people across the area with existing and new employment locations
- Excellent digital connectivity, with D2N2 able to take advantage of the opportunities presented by 5G and other new digital technologies e.g. smart ticketing
- To be able to attract new investment and drive productivity gains based on our improved connectivity

#### Actions: In the next 3-5 years, we will... ...

- Develop a ‘master plan’ for High Speed 2, setting out how we will bring forward major innovation focused developments at Toton and elsewhere and integrate fully the local transport system with HS2 and Midlands Connect Support firms to maximise the benefits of HS2 as business models and commuter flows change
- Complete the delivery of universal superfast broadband and…
- Ensure that the conditions are in place for D2N2 to benefit from next generation digital technology
Core objectives and *indicative* priorities for action

3. Skilled for success in a digital world

**Opportunities & challenges**

- Very strong HE offer with clear complementarities
- Good record of collaboration between skills providers
- Employer leadership in some larger firms
- Recent Government investment (e.g. Opportunity Areas)

*But…*
- Persistently weak workforce skills profile
- Low graduate retention
- Challenges in school performance
- Relatively low pay/disposable income
- Confusing skills system

**Objectives: In 2030, we want. . .**

- A skilled, adaptable, well-rewarded workforce, able to drive, and benefit, from new technology
- Both older and younger workers are equipped to embrace the digital revolution
- A skills system that is clear, accessible and led by employers’ current and future needs
- Opportunities for progression, at all levels and in all occupational groups
- An excellent pool of graduates that stays in D2N2, in productive, knowledge based jobs

**Actions: In the next 3-5 years, we will. . .**

- Develop an apprenticeship programme which inspires our young people and provides our companies with the workforce they need
- Ensure there is a ‘single conversation’ about skills needs and gaps – to enable local providers to respond to demand
- Secure substantial ESF funding to support our employment and skills aspirations and develop a proposition for the Shared Prosperity Fund
Core objectives and *indicative* priorities for action

### 4. Enhancing our science and innovation ecosystem

**Opportunities & challenges**

- We have key areas of comparative advantage e.g.
- 3 enabling competencies (adv. manufacturing & engineering, digital technologies & data, systems integration);
- 4 market priorities (next generation transport, life sciences and healthcare, future food processing, energy & low carbon)

*But . . .*

- Parts of our ecosystem are under-developed
- Some important assets & capabilities are not fully joined-up & integrated

**Objectives: In 2030, we want . . .**

- Significantly improve access to finance for our ambitious scale-ups
- To strengthen & realign our skills base (in the context of industrial digitalisation & the data revolution)
- To embed a more pervasive culture of innovation & networking across all parts of our economy
- To support our major corporates to undertake increased levels of R&D activity locally
- To join-up our assets so key synergies & complementarities can be maximised

**Actions: In the next 3-5 years, we will . . .**

- Identify opportunities to enhance the supply of early stage finance to businesses with the capacity for innovation and long term growth including a potential dedicated life science investment fund for early stage firms in the D2N2 area
- Host one of the Digital Innovation Hubs identified in the recent Industrial Digitalisation Review
- Deliver the D2N2 R&D attraction programme. Target major tech & innovation-led corporates in the area that are not currently undertaking significant R&D activity locally
### Opportunities & challenges

- World class and protected rural environment
- Attractive mix of urban scale and dynamism, smaller towns and rural communities
- Relative affordability
- Impressive heritage assets

*But...*

- Relatively high levels of inequality and concentrations of deprivation
- Unclear branding and marketing proposition impacting on attracting talent and investment

### Objectives: In 2030, we want...

- Our superb natural environment to be protected and enhanced
- Our cities driving growth and offering the best quality urban living in the UK (innovation districts)
- Distinctive towns with complementary offers
- Housing supply matching demand (offering quality choices)
- A connected region, where everyone can access high quality employment, learning and leisure opportunities easily

### Actions: In the next 3-5 years, we will...

- Invest in infrastructure where it will unlock housing delivery and ensure that we build quality communities for the future
- Leverage the complementary assets of Derby and Nottingham to contribute to D2N2’s wider growth
- Support the complementary development of D2N2’s network of towns, to meet the challenges and opportunities of connectivity and growth
- Coordinate our marketing and investment strategies – complementary brands; shared messages
Key questions for the Board

- **Are the five Strategic Priorities** covering the right themes/issues?
  - Do you recognise the logical flow from the evidence?
  - Do they contain the right focus & emphases?
  - Is there anything missing?

- **For each of the five**, we have suggested some high level objectives & *indicative* action areas for the next few years…
  - Do you agree with this approach?
  - If developed further, do you think the indicative objectives/action areas will provide a sufficient basis for D2N2 to prioritise investment/effort?
  - Are there any action areas or objectives that are particularly important…
  - … & are there any missing?

- **Do you agree with the ambition suggested in the vision statement?**
  - What does “the most productive economy in the Midlands” actually mean?
  - What can we achieve by 2030?
  - What comparators would be sensible?
  - Might there be any unintended consequences?
Next Steps

- Feedback from today shared with SQW
- Next stage of consultation in late January & February
  - focus groups concentrating on the detail within each of the five themes: identifying the key priorities for D2N2
  - wider consultation via e-survey
- Developing indicative metrics & measures of success
- Draft SEP prepared for consideration at the March Board
- Detailed action planning work over the next six months
Contact

Luke Delahunty
Director
SQW
t. 07764 364 089
ldelahunty@sqw.co.uk
www.sqw.co.uk

Ross Gill
Managing Consultant
SQW
t. 020 7391 4104
rgill@sqw.co.uk
www.sqw.co.uk
1. Skills & Employment Commission

1.1 The D2N2 Skills and Employment Commission met on 8th December 2017. The key items discussed were:
   a. The Institute of Technology prospectus and D2N2 bid
   b. D2N2 Strategic Economic Plan and Industrial Strategy
   c. ESF progress
   d. The Strategic Forum
   e. Collaboration and Partnership ..... Future for Skills for D2N2

1.2 A full programme of Skills and Employment Commission meetings is scheduled for 2018.

2. Institute of Technology (IoT) Update and the D2N2 Bid

2.1 Following the meeting of the Skills Commission on 30 October 2017, a Pro-Forma registering interest was submitted on behalf of a group of FE and HE institutions in D2N2.

2.2 The Industrial Strategy White Paper refers to the IoT initiative as part of a wider approach to technical skills reform and development of STEM. On 30th November 2017 government launched the Institutes of Technology Prospectus. It is a £170 million capital fund under which bidders can apply to re-furbish or upgrade facilities, purchase equipment or invest in new build. The competition consists of a two-stage selection process.
   b. Stage 2 - Full business case & application for capital funding. Launch will be Summer 2018. The first IoTs will be open in 2019.

2.3 As advised by the Skills Commission, D2N2 bid partners continue to engage with business in the development of their submission through research, in depth employer focus groups, including a focus on STEM skills needs, allied to Engineering and Construction; Medical Technology; Digital & IT. There will be an employer chaired IoT development / reference group to enable employers to play an active role in the development of the proposal and commit to be named partners.

2.4 The Skills Commission will continue to work with partners to support the development of an effective bid for the D2N2 area and will advise the Board in considering endorsement of the stage 1 submission via written procedures before 1st March.

3. Careers Strategy
3.1 The Government published its Careers Strategy; making the most of everyone’s skills and talents; on 4 December 2017. It lays out plans for £4m to be invested in dedicated careers leaders in schools and colleges by the start of the new school year. The government plan to invest a further £5m to create 20 careers hubs across the country (in areas of need) linking schools, colleges, local universities and employers. The Strategy refers to an expanded role for the Careers and Enterprise Company, and references the £500m for the new T levels.

3.2 References of note to LEPs include:
   a. The CEC will work with LEPs to help Enterprise Coordinators in those areas with lowest uptake of STEM qualifications to make sure that STEM encounters are built into careers and enterprise plans. (pg 17)
   b. Each careers hub will work with the CEC’s network structure within the LEP and, if located within a Combined Authority, will work closely with the local Combined Authority. Hub activities will be focused on groups of young people and areas most in need of targeted support, to help deliver improvements in social mobility. (pg 22)
   c. Local Industrial Strategies, supported by Skills Advisory Panel analysis, will bring together local partnerships and relationships with businesses, Mayoral Combined Authorities and LEPs to help make sure that careers advice is well-positioned to support local economic growth. (pg 27-28)
   d. Government is investing £40 million in Career Learning Pilots to test effective engagement with adults. The first of these pilots – the Flexible Learning Fund - was launched on 31 October. The second pilot is being delivered across up to five LEP areas to test how best to reach low-skilled adults who are in work and if reduced cost of courses is an incentive. (pg 28-29)
   e. Establishing Skills Advisory Panels, in partnership with LEPs, to produce rigorous analysis of current and future local skills needs. (pg 34)

4. Engagement with Government and other LEPs

4.1 D2N2 officers continue to work with Government and other LEPs via the LEP Network on a range of issues including;
   a. Careers Strategy
   b. T-Levels
   c. IoTs
   d. Skills Advisory Panels
   e. Work and Health Unit
   f. CIOS pilot projects
   g. Industrial Strategy,
   h. DCMS Digital Partnerships Strategy
   i. eCITB Skills Strategy & Nuclear construction skills strategy

4.2 Officers will feedback from these engagements with officers and Skills Commission members to support our ongoing work.

5. Recommendation

5.1 The D2N2 Board is asked to NOTE the report.
Quarter 4 Update - 2017

### SME's Engaged
- **(Dec 14 – Mar 15)**: 183
- **(Apr 15 – Mar 16)**: 2,014
- **(Apr 16 – Mar 17)**: 1,827
- **(Apr 17 – To Date)**: 1,359

### Total Business Contacts
- **(Dec 14 – Mar 15)**: 208
- **(Apr 15 – Mar 16)**: 2,063
- **(Apr 16 – Mar 17)**: 1,856
- **(Apr 17 – To Date)**: 1,830

### Total Businesses Engaged
- **Target 6000**
- **Total Contacts Dec 2014 - Dec 2017**: 7,609

### Equality & Diversity – Apr 16 – To Date
- **Gender**
  - Male: 61%
  - Female: 21%
- **Age**
  - 16-34: 11%
  - 35-54: 56%
  - 55-64: 26%
  - 65+: 7%
- **Ethnicity**
  - White: 85%
  - Black: 3%
  - Asian: 4%
  - Mixed: 2%

### Customer Satisfaction Results
- **15/16**: 77%
- **16/17**: 73%

### Achieved Marketing Targets 2016/17
- Increase Twitter followers by an average of 2.5% per month.
- Increase dwell time on D2N2 Growth Hub website for 2 – 5 min to an average of 30%.
- Achieving average click-through-rates of 18% for e-shots.

### Marketing Targets – Status Update (June 2017 – March 2019)
- **LinkedIn**: Target 1000 (762)
- **Case Studies**: Target 44 (4419)
- **Case Studies**: Target 5 (19)
1. INTRODUCTION
The purpose of this report is to update members on developments and progress made in the D2N2 Growth Hub.

2. RECOMMENDATION
2.1 BOARD to:
   a) Note the D2N2 Growth Hub report, the range of business support activity and Progress Indicator Dashboard.

3. BACKGROUND
3.1 The D2N2 Growth Hub has been operating since December 2014 with a mix of funding (BEIS, ERDF and local investment).
3.2 The Growth Hub has now supported more than 5,500 businesses in D2N2 (the performance dashboard is shown as Appendix 1).

4. GROWTH HUB DEVELOPMENTS & ACHIEVEMENTS
The Growth Hub continues to deliver across the area and below are the key areas of activity during the previous quarter.

   a) 3rd Birthday celebration

   The Growth Hub held a very successful celebration event to mark its 3rd Birthday on 4th December 2017. Over 80 delegates attended, many of which were local SMEs. Two Growth Hub clients gave presentations about their positive experiences of engaging with the Growth Hub service and there was opportunity for SMEs to meet with local business advisers, resulting in many new leads.

   b) Output Performance

   Financially the Growth Hub project is performing well but has generated a relatively small ERDF underspend. ERDF output performance is behind target so a Project Change Request “PCR” is being submitted in January to define how underspend will be used and how output performance can be improved.
c) Growth Hub 2.0

We are working with partners to submit an Expression of Interest “EOI” for ERDF PA3 funding to evolve the Growth Hub service from April 2019 to March 2022. This will continue to provide the existing service but additionally offer specialist advice and a grant scheme and include a wider partnership of Local Authorities and service providers. With all existing Local Authority partners, new outline commitments from Derby City and Erewash and NBV the Growth Hub can build upon service delivery in D2N2 and lever in start-up support and entry level grants for SMEs.

d) BEIS Funding

Following positive statements in the Industrial Strategy and Autumn Statement regarding the future of Growth Hubs, there has been approval nationally for BEIS funding to continue to be available to support Growth Hub activity. We await further detail on the figures.

e) Strategy & Sustainability Group (SAS)

Planned for 22nd January to discuss the direction of the Growth Hub for the next 3-5 years into the life of Growth Hub 2.0 and consider how we need to position the service for the post-EU-funding.

f) Appendix I shows the “Dashboard” of activity and achievements since our launch.

g) Midlands Engine Investment Fund (MEIF)

All four “lots” have now been procured. Two have been operating in Q3 of 2017/18 and the launch of the final two is anticipated in Q4 of 2017/18. D2N2 has representatives on the Midlands Engine wider Strategic Oversight Board “SOB” and Regional Advisory Board “RAB” who monitor progress and activity. To date D2N2 and the Growth Hub have worked extremely have to promote the MEIF running joint events, promoting through the Scale Up Service and assisted through short term resource to build stronger relationships for the Growth Hub with financial intermediaries, banks, solicitors and accountants to promote the fund and also the range of appropriate Growth Hub services to larger and more productive firms.

h) D2N2 Scale up Support

The Scale Up Service is part of the D2N2 Growth Hub offer, run by lead organisation Nottingham Trent University, East Midlands Chamber (marketing) and local coaches for on the ground delivery (diagnostics, workshops/network sessions and coaching).

Good progress is now being made with a strong pipeline of businesses interested participating in the service and this will develop a healthy network and momentum as the service develops for the start of the ERDF funded service from April 2018.
1. INTRODUCTION

This report provides an update on Markham Vale and the Enterprise Zone.

2. RECOMMENDATION

2.1 To note the strong progress being made on infrastructure and development activities, securing new occupiers and other updates regarding the Enterprise Zone in general.

3. PROJECT PROGRESS

3.1 East of the M1

3.1.1 Negotiations are at an advanced stage with a prospective purchaser of the two remaining areas on Plot 5 comprising 1.6 and 1.1 acres.

3.2 West of the M1

3.2.1 Terms have been agreed with a potential occupier for a 43,000 sq. ft. warehouse, manufacturing, laboratory and office unit on 2.8 acres adjacent to the motorway. The Planning Judicial Review period has passed and construction tenders have been returned. Subject to completing all legal agreements, construction is anticipated to start in February 2018; when fully operational the new business will create up to 35 new jobs in the addition to the 35 safeguarded ones.

3.2.2 Discussions are underway to bring forward a 2.2 acre development plot adjacent to the motorway junction.

3.3 Markham Vale North (Seymour)

3.3.1 The Bilstein group, a German car components company, have completed the fit-out of their 220,000 sq. ft. advanced logistics and office centre and are now operational. Many of the initial 150 vacancies have been filled but recruitment continues for the remaining ones.

3.3.2 Derbyshire based contractor Bowmer and Kirkland have completed the construction of the 2nd Great Bear building – a 480,000 sq. ft. advanced logistics centre on part of Plot 13. Fit-out works have not yet commenced but are expected to within the next few weeks as the company progress discussions with their major client. It is anticipated that this development will create 400 new jobs when fully operational.
3.3.3 Derbyshire based construction company, G.F. Tomlinson, have completed the construction of a 90,760 sq. ft. chilled food distribution facility on Plot 16 for Gist Ltd – a chilled food distribution company. The client completed fit-out works ahead of programme enabling them to utilise the building on an interim basis for their customer’s Christmas requirements. It is expected that the building will become fully operational in early 2018 with the transfer of some staff from their existing facility in South Yorkshire and also the current recruitment to new vacancies.

3.3.4 Bowmer and Kirkland have commenced the construction of a 69,125 sq. ft. state-of-the-art building for a medical technology company on part of Plot 13 (to the rear of the Great Bear 2 building). This development is expected to create up to 35 jobs in the first phase and increase significantly when the second phase building is constructed.

3.3.5 The Council’s in-house construction team have completed the first phase works to extend the road and utilities to serve the remaining development land on plot 13.

4. MARKETING AND WIDER SITE

4.1 Marketing of the development opportunities continues, using a variety of forums and techniques. The fixed advertising boards at strategic locations have recently been refurbished, bus shelters have been branded with the Markham Vale logo and emphasis over the coming months will be on marketing the West phase. Use of Social Media, sponsorship and attendance at business events and direct mailing continues.

4.2 An event is to be held 17th January to unveil a further phase of the Walking Together mining memorial art installation following the receipt of funding from the Duke of Devonshire Trust and sponsorship from two other companies associated with the project.

4.3 Grant funding of £35,000 has been secured from the Heritage Lottery Fund for a further but distinct part of the Mining Memorial, namely the Story Mine. Interviews have been held with prospective consultant workers to undertake community led research and website design where the research will be shared. The project has been featured on local BBC Radio.

4.4 The annual jobs survey will commence in March with the support of companies based at Markham Vale.

4.5 Mixed-use development opportunities are being explored for land adjacent to the Staveley Town Basin.
1. INTRODUCTION

This report provides an update on the 24th of November and 21st December Infrastructure and Investment Board (IIB).

2. RECOMMENDATION

To receive project updates and the high risk report and note budget and predicted underspends. To note the approval of the Silk Mill Derby, Changes to the A46 corridor project, and to receive an update on Gedling Access Road.

3. PROGRESS

November 24th IIB

The November 24th IIB was held at County Hall, Matlock it considered the following agenda items:

- An update of the LGF projects including High Risk projects and next steps
- Local Growth Fund Budget and Project Monitoring
- High risk project (Outputs) and subsequent responses from promoters were discussed
- Presentation from Nottingham Skills Hub
- Quarter 2 Monitoring was presented and outputs discussed
- Derbyshire Audit Services Audit Recommendations discussed
- Ney Review

1. An update was given of all projects including those that are high-risk, with six projects currently being on this list. Nottingham Skills Hub – update to be provided to IIB at this meeting. Gedling Access Road – Start date has slipped by 12 months due to delays in purchase of land, a pre-compliance request is due to be submitted at the next IIB. A61 corridor, Whittington Moor Roundabout – DCC currently working on a proposal for this. Vesuvius – queries remain around the amount of grant requested, viability gap needs to be established. Infinity Park – Output targets are being missed. Newark City Link Road – Output targets missed.

2. Budget update provided – confirmed that Derby City had repaid £35,740 to the programme. Underspend currently looking to be circa £16m which may increase when updated information is supplied by Nottingham City Hub, A61 Corridor and A46 Corridor projects.

3. Presentation was given by Nottingham Skills Hub – progress report was given confirming that the project was on schedule and within budget. Architects had been
commissioned, with planning to be submitted on 24th November and a decision due in March 2018. They project was asked to submit a comprehensive rundown of the costs and output figures for the consideration of the Board, and to come to a future meeting to provide a further progress report.

4. Audit Services discussed their report and key recommendations one of which had been resolved by the appointing of cover for the project monitoring officer. Further three issues are as follows:

   a. Consideration of the use of sanctions for those projects failing to deliver
   b. Action taken to address ongoing failure to comply with timetable for monitoring
   c. Consideration of formal adoption of a whistleblowing or confidential reporting policy.

5. Ney Review – Was discussed with a focus on Business Interests and Transparency being a focus of concern. Work is required to ensure that Business Interests are correctly reported and documented.

3. PROGRESS

December 21st IIB
The December 21st IIB was held at County Hall, Matlock it considered the following agenda items:
- Project Update including High Risk Projects
- Budget Update
- Scrutiny Update
- Presentation from Museum of Making (Silk Mill, Derby)
- Presentation from Rushcliffe Council – Changes to A46 corridor project
- Presentation from Nottingham City – Gedling Road Pre-Compliance Request
- Verbal updates for Infrastructure Plan and Local Cycling, Walking and Investment Plan
- A request for approval of Project Delivery Support
- Update on the Annual Conversation

1. A general update was given on projects and high-risk projects with five remaining on the list, Nottingham Skills Hub – until submission of a stage 2 business case. Gedling Access Road Formal Pre Compliance Business Case submitted at this meeting and approved. A61 corridor and Whittington Moor Roundabout – failure to submit a stage 2 business case. Vesuvius – Viability gap needs to be reviewed by the district valuer. Newark Southern Link Road – concerns over funding availability to complete the works.

2. Scrutiny Update – Cllr Kemp provided an update following the review of monitoring arrangements that was carried out in December 2017. Whilst the monitoring arrangements in place were found to be robust a concern was raised around the time taken to fill key vacant posts. A concern was also raised around the timeliness of information being fed back into the LEP and sanctions not being applied to those who are late with providing such information. It was noted that specialised resources are not always available to help with the putting together of business cases which is to be
looked at. It was also discussed that project slippage needs to be closure monitoring with projects coming forward at an early stage when issues start to be noted. Monitoring reports have been previously drawn up however these are not being utilised. A look to using a RAG rating for monthly updates.

3. Budget update was provided – currently working on obtaining a more accurate predicted year end figure, we are currently looking at an in year underspend of £15.96m with a total overspend of £7.437. It has been agreed with audit that we can utilise this funding on capital projects within ETE and return the equivalent amount of funding back to the programme in future years when required. However a more accurate figure will allow us time to look at where this can be utilised to avoid loss of funds.

4. Museum of Making – Derby Silk Mill – a presentation was given by the project promotors of the stage 2 business case. Discussion took place with concerns being raised around the accuracy of the outputs that had been put forward. Concerns were also raised around the location and signage to the silk mill. Approval was given for £3.7m for the project.

5. Changes to the A46 Corridor – update was given and a request that they progress to full business case stage was approved, however a clause to be included that if timescale is not met for the houses being built that the money will be recovered. A discussion took place prior to approval as to if we should be looking to recoup some of this funding due to our current forecasted overspend, however a decision was made at this time that the reduction in outputs from the revoking of this funding would outweigh the concerns over the overspend position.

   a. It was considered that the current plans for the Land at Bingham should be halted and the £2.5m moved toward the purchase of Land at Clifton, this was due to Growth Deal funding being secured, the scheme was considered to be viable when it went out to procurement for a developer and as such public sector intervention was not required. This money has been approved to be utilised on the Clifton land for the installation of electricity services to the whole site which will accelerate the rate of development of both housing and employment land.

   b. The £75k previously set aside for RAF Newton was agreed to be utilised at Chapel Lane in Bingham, it was agreed to no longer proceed with the plans for the original road as it was no longer required given the change to the development plans. The Bingham site is currently owned by Rushcliffe and the additional funding will assist in the development of the employment land along with the A46.

6. Gedling Road- update was provided along with a request of £500k pre compliance funding for Capital site enabling works was approved

7. Approval was given for the £200k held in reserves to be used towards project support to assist with project promotors putting together business cases.
8. The annual conversation was briefly discussed. It was agreed that it may be useful to pull together an action plan that incorporates recommendations from this review along with Internal Audit Report and the Scrutiny Report to allow progress to be monitored.
Introduction

1 The implementation of the East Midlands HS2 Growth Strategy is now entering its first critical phase as the Government starts work on the development of the Phase 2b Hybrid Bill and Environmental Statement.

2 Outwith the Hybrid Bill process, the availability of resources to maintain momentum and to transition to a more formal Growth Strategy delivery body remains a key concern.

The Hybrid Bill Process

3 The Hybrid Bill is the legislative mechanism by which the Government secures the legal powers necessary to build large infrastructure projects such as HS2. It is a combination of public measures which impact on general powers or rights, and private measures which impact on particular pieces of land as defined on a map-based plan. In broad terms, it is comparable to an outline planning permission issued by a local planning authority.

4 Once a Hybrid Bill has been introduced to Parliament, there is a period whereby parties with a legitimate interest in the Bill can ‘petition’ Parliament to make amendments. This can result in some significant (and positive) changes – but it can also be a difficult, time consuming and expensive process.

5 A Hybrid Bill is supported by an Environmental Statement which describes the environmental impacts of the development proposed by the Bill, and how those impacts will be mitigated. This is a relatively recent legal requirement resulting from EU environmental legislation.

6 The Environmental Statement must be consistent with the provisions of the Hybrid Bill, but will describe the proposed development. As a result, it tends to require a more detailed design at an earlier stage than would be otherwise necessary from a purely project management perspective. This can be a positive,
as it will highlight issues at an early stage of the development process. However, the time pressures can sometimes result in a consent being given to an obviously 'sub-optimal' design which then has to be amended in a way that remains consistent with the legislation - which is now what is happening with the Birmingham Interchange Station (UK Central) in the West Midlands.

7 Government plans to introduce the Phase 2b Hybrid Bill that will give consent to the Eastern Leg of HS2 through the East Midlands in late 2019, with Royal Assent is expected in late 2022. Even if the current Parliament runs its five year course, this means the Bill is unlikely to become law before the next General Election. The likely timetable is set out below

<table>
<thead>
<tr>
<th>Draft Initial Preliminary Design</th>
<th>December 2017</th>
<th>Chance to review the design progress made to date, including regarding land-take and other fundamental aspects.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feedback on responses to consultations begun in July 2017</td>
<td>Jan 2018</td>
<td>Providing technical responses to queries received during the summer 2017 consultation</td>
</tr>
<tr>
<td>Initial Preliminary Design</td>
<td>Jun 2018</td>
<td>Produced through collaborative discussions between Local Authorities and key stakeholders.</td>
</tr>
<tr>
<td>Working draft Environmental Statement / EOIA and design refinements</td>
<td>Second half of 2018</td>
<td>Formal engagement opportunity for general public and stakeholder comment</td>
</tr>
<tr>
<td>Final Parliamentary Design (Limits of Deviation and Limits of Land to be Acquired or Used)</td>
<td>Summer 2019</td>
<td>Broadly establishes the physical area within which powers will be sought to build and operate High Speed Two</td>
</tr>
<tr>
<td>Submission of the Hybrid Bill</td>
<td>Autumn 2019</td>
<td>Begins the process of seeking permission from Parliament to build and operate High Speed Two</td>
</tr>
</tbody>
</table>

**Next Steps**

8 An initial workshop with DfT and the BEIS/DCLG Cities & Local Growth Unit to explore the implications of the Growth Strategy for the Hybrid bill on the 11th September 2017. A further workshop will take place on the 22nd January 2018 to review progress and highlight where further economic or engineering assessments will be required to ensure the Hybrid Bill can support the delivery of the Growth Strategy. The outcome of the workshop will be reported to the HS2 Strategic Board on the 30th January 2018.
Sir David Higgins will meet with key council leaders and the D2N2 Chair on the 24th of January 2017 to review progress on HS2 more widely.

The Rail and HS2 Minster Paul Maynard MP is also due to visit the East Midlands in early 2018.

Establishing a Delivery Body

Outwith the Hybrid Bill process, the availability of resources to maintain momentum and to transition to a more formal Growth Strategy delivery body remains a key concern.

The £1.25 million made available by Government to support the development of the Growth Strategy is now largely exhausted. Place Directors are working on an initial proposal for a Delivery Body for discussion by the Strategic Board on the 30th January 2018.

The visit of BEIS Director General Gareth Davies to the East Midlands on the 12th January 2018 will provide an opportunity to highlight the importance of securing additional resources to build on the very substantial progress that has been made over recent months.

Andrew Pritchard
HS2 Executive Team