# D2N2 LEP BOARD – AGENDA

**Tuesday, 22 January, 2019, 10am – 12.00pm**

**University of Derby (Rm S302), Kedleston Road, Derby DE22 1GB**

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<tr>
<td>1.1</td>
<td>Welcome and Introductions</td>
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<td>Minutes of meeting 30/11/18 and matters arising</td>
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<td>1.4</td>
<td>Establishing a company limited by guarantee: report and discussion</td>
<td>Peter Ware, Browne Jacobson LLP</td>
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## 2. Strategic discussion

### 2.1 Chair’s Report, including:
- a) Governance – Place Board
- b) Implementation of the LEP Review (inc [Appendix A](#))
- c) D2N2 Board Governance Proposal
- d) Partnership Engagement
- e) Media coverage report ([Appendix B](#))

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<tr>
<td>2.2</td>
<td>D2N2 Chief Executives Report, including:</td>
<td>Sajeeda Rose</td>
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<td>a) D2N2 SEP</td>
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<td>b) Local Industrial Strategy</td>
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<td>c) Sector deals</td>
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<td>d) Annual Conversation 2018/19</td>
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<td>e) Skills and employment update</td>
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<td>f) ESIF summary update</td>
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<td>g) North Derbyshire Manufacturing Zone</td>
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<td>h) Energy Strategy</td>
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## 3. Standing Items

### 3.1 Exempt item under Local Government (Access to Information) Act

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<td>3.1</td>
<td>D2N2 Enterprise Zone – Markham Vale</td>
<td>Cllr Lewis</td>
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<td>3.2</td>
<td>Performance Review and update (inc Annex 1)</td>
<td>Sajeeda Rose</td>
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<td>3.3</td>
<td>GPF Report Capital Projects</td>
<td>Cllr Collins</td>
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<td><strong>Exempt item under Local Government (Access to Information) Act</strong></td>
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<tr>
<td>3.4</td>
<td>Infrastructure and Investment Board report</td>
<td>Cllr Lewis</td>
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<td>3.5</td>
<td>HS2 Report</td>
<td>Sajeeda Rose</td>
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<td>4.</td>
<td><strong>Any other business</strong></td>
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5. **Date of next meeting:** Tuesday, 19 March, 2019 (10 am – 12 noon) Derbyshire venue tbc

_Tea/coffee will be available on arrival_
Item 1.3: DRAFT Key Decision/Action Points from Board

D2N2 LOCAL ENTERPRISE PARTNERSHIP BOARD MEETING

Friday 30 November, 2018

Ashfield District Council, Urban Road, Kirkby-in-Ashfield Notts NG17 8DA

Chair Elizabeth Fagan
Minutes Sally Hallam

1. Present and Apologies

D2N2 Board Members in Attendance

Cllr Tony Ashton High Peak Borough Council
Cllr Dave Liversidge Nottingham City Council (sub)
Cllr Kay Cutts, MBE Nottinghamshire County Council
Paul Harris Business Representative
Jane Howson VCS Representative
Cllr Barry Lewis Derbyshire County Council
David Wright Assistant Director, BEIS EM and SEM
Prof Warren Manning H E Representative (sub)
Cllr Chris Poulter Derby City Council
Dawn Ward F E Representative
David Williams Business Representative
David Williams (Geldards) Business Representative

Also in attendance

Adrian Smith sub for Nottinghamshire County Council CEO
Chris Henning sub for Nottingham City Council CEO
Joe Battye representing Derbyshire County Council
Verna Bayliss sub for Derby City Council CEO
Simon Baker High Peak Borough Council CEO

David Wright Assistant Director, BEIS
Susan Caldwell LEP Sponsor, DIT
Cllr Mick Barker Derby City Council

Officer Support

Sajeeda Rose Interim Chief Executive, D2N2
Matthew Wheatley Growth Plan Manager, D2N2
Lindsay Wetton Senior Programme Manager – Business Engagement, D2N2
Rachel Quinn Careers, Employability and Inclusion Manager, D2N2
Sally Hallam Office Manager, D2N2
**Apologies**

Apologies were received from Board members Peter Gadsby, Prof Kathryn Mitchell, Cllr Simon Robinson and Cllr Jon Collins, together with Scott Knowles and Allen Graham.

**1.1 Welcome and Introductions**

The Chair welcomed attendees to the meeting and extended a particular welcome to LEP Sponsor, Susan Caldwell who was attending as an observer to the LEP Board for the first time. The Chair confirmed to Board that Melanie Ulyatt had now stepped down from her role as a member of the LEP Board and placed on record her thanks to Melanie for her contribution to the work of the Board during her tenure.

The Chair also thanked Rob Mitchell, CEO Ashfield District Council for the authority’s hospitality in offering use of their meeting facilities before inviting him to present to the group ahead of the main meeting.

RM delivered a short overview of Ashfield, including local links, regeneration projects and aspirations for future sustainable growth aligned to objectives shared with the LEP.

Board received the presentation with thanks.

**1.2 Declarations of Interest**

The Chair reminded all Members that Declarations of Interest should be stated to be recorded where an interest arose.

Cllr Liversidge declared an interest in item 3.1 Enterprise Zone and took no part in discussions under this item.

Paul Harris declared an interest in item 3.1 (ii) Infinity Park and took no part in discussions under this item.

Cllr Cutts declared an interest in item 3.2 Growth Hub and took no part in discussions under this item.

**1.3 Minutes of last meeting and matters arising**

The Minutes of the previous regular meeting held on 18 October, 2018 were confirmed as a true record.

There were no matters arising other than those already covered on the agenda.

**2. Items for Strategic Discussion**

**2.1 Chair’s Report**

The Chair introduced her report updating Members on developments relating to the implementation of the LEP Review and to D2N2 Board Governance, as well as ongoing progress with Rolls Royce Action Group and Partner engagement.
She recorded thanks to Deputy Chair, David Williams for his support in ongoing work. In terms of the LEP review and ongoing issue of the requirement by Government to remove geographical overlaps, EF reported that this remained unresolved as outlined in her report, but updated members that D2N2 LEP had reached out to Sheffield City Region and was going on to a tele-conference following today’s meeting, the outcome of which would be reported back in due course.

A short discussion ensued, in which some concern was expressed that in the absence of intervention by Government there may be a stand-off following the Secretary of State’s letter, notwithstanding D2N2’s willingness to address the issue. A plea was also made for appropriate communication for and to businesses once decisions had been reached, together with clear guidance on collaborative working going forward.

In terms of likely timetable for announcements regarding the UK Shared Prosperity Fund, Board was informed that timings were likely to be affected by whether or not Government achieved a Brexit deal. If progress were to be made in the next fortnight, an announcement may be made ahead of the Christmas recess; if not, no new information would come out until 2019.

On Board composition, the Chair referred members to notes within her report, including timescales for achieving a re-constituted Board which she hoped would be fully in place by February, 2019.

Going forward the Chair requested that there should be no substitutes for Board Members at Board meetings.

On progress towards appointment of a single Accountable Body, Board was informed that a two stage tender process was underway. Nottinghamshire County Council had indicated that it would not be submitting an expression of interest, and would therefore support the appointment process.

Board’s attention was drawn to notes within the report covering ongoing steps being taken towards acquiring independent legal identity by 1 April, 2019.

Members spent some time discussing the proposed governance structure as set out in the report, with a number of new Boards each to be headed up by a private-sector Member. Concern was raised by several local authority Members over appropriate representation particularly in respect of the new Place Board, given local authorities’ role in delivering on this strategy.

The Chair acknowledged the points being made, and reminded Members that D2N2 had clear terms of reference to work to under the review in relation to the role of the private sector. One of the observations had been the need for a stronger private-sector voice to be heard in decision-making, which was now being addressed, notwithstanding the ongoing role of the public sector. In terms of approach, the Chair reiterated that to deliver appropriately against the new Local Industrial Strategy, it would be critical to integrate the current, separate bodies that operated across the area and to work together.

The new framework represented a strong starting point for a new way of working. The Governance model was for further discussion over the coming weeks with partners, with a final recommendation to come back to the main D2N2 Board for approval.
Board’s attention was drawn to the summary notes on Rolls Royce Action Group and to those relating to partner engagement meetings that the Chair had undertaken. The Deputy Chair was invited to add a verbal update on the LEP Network meeting of Chairs and CEOs that he had attended for D2N2. David Williams reported that there was a strong commitment to get on with the job and a willingness to share best practice had been evident. The LEP Network did not support the call by the PM’s office for a ‘national LEP voice’, on the grounds that LEP represented sectors of the community much wider than simply the voice of business.

Board NOTED the report updates.

2.2 (Interim) Chief Executive’s Report

Sajeeda Rose introduced her report updating Board on six items for information as outlined in the document.

She recorded thanks to all for feedback received in response to the consultation process. Overall, the move towards a greater focus on productivity was welcomed and the message that skills were key to moving productivity forward had been heard and noted, as had the need to finalise the SEP and move on to developing the Local Industrial Strategy.

Nottingham City Council raised a concern about the process for finalising the SEP without the opportunity to ensure their feedback had been reflected in the final SEP. The Chair committed to speak directly with Cllr Jon Collins on this matter ahead of sign-off.

The Board was asked to approve the development of a final draft SEP to be signed off for publication by the Chair and Deputy Chair before launch early in the New Year, which was supported by the Board.

The Interim CEO informed Members that she would be representing D2N2 at an event in Bristol on 6 December, 2018 to celebrate the first anniversary of the launch of the LIS. An announcement was expected there on who would be invited to take part in the next stage. D2N2 would also shortly be attending a meeting in Birmingham to learn more about the West Midlands’ LIS to inform development of D2N2’s strategy. It was intended that a working group including local authority and university representatives would be set up, to reflect a fully co-owned process in developing the LIS.

SR reported that the LEP’s Annual Review would take place on 15 January, 2019. She confirmed to Members that, building on last year’s review, all governance issues had now been addressed and significant progress had been made on improving all areas of strategy and delivery.

Board’s attention was drawn to the summary notes on Skills and Employability, together with those covering ESIF and the proposed new high streets fund announced in the Autumn Budget. Board noted efforts in train to liaise with local partners to develop a potential joint strategy for the funding.

Board NOTED the report.

ACTION: EF to meet with Leader, Nottingham City Council (SH to set up)
3. Standing items

3.1 D2N2 Enterprise Zone

3.1 (i) and (ii) Nottingham and Derby

Board NOTED proposals for Nottingham Science Park and AGREED - given the timings between EZ Boards - to delegate powers to the LEP Deputy Chair and Chief Executive to approve next steps to meet project requirements, such authority to be on the basis of an appropriate review of the financial costs of the Final Business Case to confirm compliance with the Local Assurance Framework.

3.1 (iii) Markham Vale

There was no update to report at this time.

3.2 D2N2 Business Growth Hub Update Report

The Chair invited Lindsay Wetton to introduce this report, updating members on strategic developments and progress made in the D2N2 Growth Hub.

LW summarised the previous quarter’s activity and underlined the role of the Growth Hub Strategy in contributing to the SEP productivity targets.

Board member, Paul Harris highlighted the importance of a more data-driven approach to gather evidence in support of the LEP’s Local Industrial Strategy, a point endorsed by the Chair.

Board NOTED the report.

3.3 Performance Review and Update Report

Following the request at last month’s Board, the Interim CEO presented a summary report on performance of both the Local Growth Fund budget and the Growing Places Fund.

LGF was now progressing much better following delays in the previous financial year, overspend was pulling back on the previous underspend and at-risk projects continued to be subject to monitoring.

GPF loans were progressing, with some early repayments and no anticipated defaults.

Chris Henning wished to record the thanks of Nottingham City Council for LEP support which was having an impact on Nottingham’s transformation.

Board NOTED the report.

3.4 GPF Report Capital Projects

Board NOTED the overall progress and status of projects including due diligence and NOTED the overall financial position of the GPF programme.
3.5 Infrastructure and Investment Board report

Cllr Lewis drew Members’ attention to the short summary report on the Local Growth Fund budget.

Board NOTED the report.

4. Any Other Business

None.

5. Date of next meeting

Tuesday, 22 January, 2019 (10.00am – 12.00 pm) – Derby tbc.
Background

1. Pursuant to the government’s requirements set out in its paper Strengthened Local Enterprise Partnerships, published in July 2018 by the Ministry for Housing, Communities and Local Government (MHCLG) (the Paper) the government requires each LEP in England to have a legal personality by 1 April 2019. D2N2 submit a response to MHCLG by 31 October 2018 setting out its intention to incorporate as a company limited by guarantee and how it would maintain its existing relationship with the chamber of commerce and with one of its local authority members as accountable body.

2. This paper sets out the various membership options available when establishing the company and makes recommendation regarding the approach for the D2N2 company for consideration by the Board.

3. Once this structure has been agreed, the constitutional documents will be drafted and presented back to the Board for approval

Introduction

4. There are conceptually two decision-making layers for any company limited by guarantee; the board of directors are responsible for the day to day management of the company and the members who are the ultimate controllers of the strategic direction and certain key decisions of the company. Accordingly, it must be remembered that whilst it is entirely feasible for these two roles to be held simultaneously by the same individual body or person, they have two distinct legal roles and responsibilities in company law.

5. In a company limited by guarantee, there are no shareholders, but the company must have one or more members. The Companies Act 2006 (the Act) sets out the decisions which are reserved to members, these include the right to attend and vote at general meetings of the company. In most companies this means they can appoint and remove the directors, and have ultimate control over the company. It is possible to supplement the rights afforded by the Act with additional controls in the company’s articles of association.

6. It will be important when incorporating the D2N2 company to ensure that the manner in which the roles of director and member are held is clearly understood and the constitutional documents of the company (in particular the articles of association) are drafted to reflect how the Board want these roles to work.
Recommended Option

7. It is recommended that when incorporating the D2N2 company that there is one class of membership and those individual members are both directors and members concurrently.

8. Public and third sector partners would appoint an individual to be both their member representative and director. Such individuals in their individual capacity would be registered as both the director and as the member.

9. Industry representatives would in their own individual right be both member and director.

10. This has the benefit of being very simple from a governance point of view and whilst separate meetings will on occasion still be necessary the management of those meetings is clearly going to be easier.

11. For the Board members this option will mean that they will be appointed as directors of the D2N2 company and also will become members of the company (on such terms as may be set out in the articles of association).

Alternative Option

12. Establish the company would have different classes of membership which would have identical rights save that:

   a. Membership class A would allow the member to be both member and director simultaneously; and

   b. Membership class B would allow the member to be a member in its corporate capacity but also have a specific right to appoint an individual to the board of directors.

13. This model would allow different member-director relationships to occur created by the classes of membership. It would be slightly more burdensome from a management point of view. In this model the company would have a class A where a member has the right to be a director and member at the same time and class B where a member has the right to appoint a director. This would mean that at meetings of the members it is likely that class B members would send a separate representative to represent and vote on their membership rights.

Implications for Board Members

14. As directors of the company, each individual will owe a number of general duties under the Act these are:

   a. To act within the powers set out in the Act and the company's articles of association;
   b. Promote the success of the company;
   c. Exercise independent judgement;
d. Exercise reasonable care, skill and diligence;
e. Avoid conflicts of interest;
f. Not accept benefits from third parties; and
g. Declare interests in proposed or existing transactions or arrangements with the company.

15. Whilst ordinarily the company itself, as a separate legal entity, will be liable for its debts, directors can in the case of wrongful or fraudulent trading incur personal liability. Such liability is unlikely provided the company is run properly and directors carry out their role to the best of their ability in full understanding of the responsibilities placed upon them. Accordingly, it will be important for all those individuals taking on the role of director to receive training on their director’s duties if they have not had recent experience of directorship roles. Such training will be made available at the appropriate time.

16. In relation to membership, in a company limited by guarantee, the liability of each member is limited to the amount of the guarantee set out in the company's articles, which is typically just £1. Accordingly, in the preferred option the individuals will in addition to their directors duties will also have the right to exercise their voting rights and an obligation as member to meet their guarantee obligation of £1. There are no other material obligations placed on members in their membership role.
1. INTRODUCTION

1.1 This report updates members on significant developments since the last Board meeting, specifically:
   a. D2N2 Board Governance Proposal
   b. Implementation of the LEP Review (inc Appendix A)
   c. Partner Engagement
   d. Media Coverage report (Appendix B)

2. RECOMMENDATION

2.1 Board is asked to NOTE the report.

3. D2N2 BOARD GOVERNANCE PROPOSALS

3.1 At the last board meeting we considered the proposals to revise the governance arrangements for D2N2.

3.2 The context for the changes are set within the need to ensure stronger governance arrangements, that enable greater partner collaboration and engagement as well as providing transparency and accountability of policy development and decision making.

3.3 Following the board meeting I received feedback from a number of board members and partners, in particular in relation to seeking further clarity on the roles of each of the sub-boards and the proposed membership.

3.4 Therefore, I have asked David Williams, Deputy Chair and nominated Chair of the proposed Place Board to lead a discussion at the Board meeting on how the Place Board would work in practice. This will then inform how we move forward with the revised arrangements for all the proposed sub-boards, and feed into formal terms of reference.

3.5 Following consultation on the new People and Skills Strategy for D2N2 (within the SEP), and the receipt of guidance on the creation of LEP-level Skills Advisory Panels (SAPs), the former D2N2 Skills and Employment Commission is now formally disbanded. Thanks are extended to members for their valuable contribution to the Commission and all are encouraged to engage with the new governance model as it develops.
4. IMPLEMENTATION OF THE LEP REVIEW

4.1 Since the last board meeting we have continued to make progress on implementing the LEP review. Following the submission of our Implementation Plan to Government at the end of October, we have received formal acknowledgment on our proposals to address the review recommendations, which is attached as Appendix A.

There is still further work required to fully address all aspects of the review- in particular in relation to the removal of the overlap. However in recognition of the actions and dialogue we have initiated towards full compliance, I am pleased to advise that £100,000 (of the £200,000 available) has been approved for D2N2 to implement the review fully and to support the development of our Local Industrial Strategy.

4.2 Below is an update on how we are progressing on each of the 4 areas where further work is still enquired to ensure full compliance.

4.3 GEOGRAPHY

In terms of geography, work is still ongoing to remove the overlap with Sheffield City Region LEP (SCR), in 5 of our districts (Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire).

The Government’s position on the removal of overlaps has remained consistent, with a clear policy position stating that the failure to remove any remaining overlaps across the LEP network would disadvantage those LEP areas through restricted access to various funding streams, including the full £200,000 for implementing the review and developing the Local Industrial Strategy (however as stated previously given our actions to date we have received partial funding), as well as £75,000 towards establishing Skills Advisory Panels, and more importantly restricting access to the UK Shared Prosperity Fund.

Since the last board meeting I have had further meetings with the leaders of the districts in the overlap areas and have had a discussion with the Deputy Chair of Sheffield City Region to seek a way forward.

I have also reached out to the newly appointed Chair of Sheffield City Region, James Muir to arrange an early introductory meeting and explore how we can work together to address the overlap and develop closer collaboration between our respective LEPs.

At the request of the overlapping Districts a meeting was held on the 9th of January 2019 with all the districts, both D2N2 and SCR and representatives from BEIS to seek further clarity on the removal of the overlap and the implications of their non-constituent membership of the Combined Authority. BEIS representatives re-confirmed the Government’s commitment to see the removal of all overlaps, and clarified that non-constituent membership of the combined authority did not determine or affect membership of either LEP.

Whilst there is still no formal resolution, good progress is being made towards reaching an outcome with the Districts recognising that dual membership of LEPs cannot continue.
Sheffield City Region are also due to discuss their position in relation to the overlap at their board meeting scheduled for the 14th of January 2019.

We will continue to work closely with the districts and Sheffield City Region towards a resolution.

### 4.4 BOARD COMPOSITION

As board members will recall, we undertook a recruitment exercise for additional private sector board members to strengthen representation and meet the requirement for a 2/3rd private majority. At the close of the deadline we received 21 expressions of interest to join the board.

I am keen that we strengthen our representation from across industry and the wider D2N2 area, as well as ensure we strengthen our overall diversity.

I have set up a Nominations Committee from the Board, including Deputy Chair David Williams, Paul Harris, Barry Lewis and Jane Howson to support me in the selection process. The Committee will meet immediately after the main Board meeting on the 22nd of January and will report back to the main board.

### 4.5 SINGLE ACCOUNTABLE BODY

The review recommends that all LEPs should have a single accountable body from April 2019. Given our current multiple arrangement we undertook a formal selection process to appoint a single authority and received two formal bids – from Derbyshire County Council and Nottingham City Council, who are 2 of our current 3 Accountable Bodies.

At the time of writing interviews are scheduled to review the bids on the 14th of January 2019, and a verbal update will be provided at the board meeting on the outcome of that process.

### 4.6 INDEPENDENT LEGAL IDENTITY

The review requires all LEPs to have an independent legal identity by the 1st of April 2019. On the 18th of October 2018, the D2N2 Board agreed to form a Company Limited by Guarantee in order to comply with the review.

Board members are invited to refer to the separate paper provided by our legal advisors Browne Jacobson on the options for the structure of the Company.

Following approval on the company structure, formal articles of association will be drafted and plans put in motion to incorporate D2N2 by the 31st of March 2019.

### 5 PARTNER ENGAGEMENT

5.1 Since the last board meeting I have met with a number of partners in my role as D2N2 Chair.

5.2 **Local Authority Leaders Meeting:** I chaired the first D2N2 Local Authority Leaders meeting on the 19th of December 2018, in Ripley which had attendance from 14 out of the
19 local authorities. The purpose of the meeting was to increase direct engagement between the D2N2 Board and the leaders of all the local authorities to ensure continued alignment of strategic priorities. It was a constructive initial discussion, with partners agreeing to convene again on a quarterly basis with focused agendas which would be set in conjunction with the 2 district leaders on the main board.

5.3 **East Midlands Collaboration:** As part of strengthening our collaboration across the East Midlands within the context of the Midlands Engine, I met with the Chairs and CEOs of Leicester and Leicestershire LEP (LLEP) and Greater Lincolnshire LEP (GLEP). The meeting built on previous discussions and resulted in an agreed outcome to increase collaboration through the development of our respective Local Industrial Strategies. In order to take this forward our respective economic analysts are working to produce a joint piece of work on areas of shared economic strengths and assets that will inform each of our Local Industrial Strategies, and identify shared opportunities for collaboration.

I met with Sir John Peace to build on our collaboration with Midlands Engine and ensure that the priorities within D2N2 and the East Midlands continue to be central to emerging strategies and funding opportunities through the Midlands Engine. I will also be attending a joint Midlands Engine LEP Chairs dinner with Sir John and Ministers on the 24th of January 2019.

5.4 I am due to attend the **Council of LEP Chairs meeting with the Prime Minister** on the 31st of January 2019 and will feed back at the next meeting.

6. **MEDIA ACTIVITY**

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

6.2 We are currently reviewing our marketing and communications approach with a view to raising D2N2’s profile and extending our reach. Further details will be brought back to the board as part of the annual plan for 2019/20.

6.3 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.
   e. There is also a ‘Highlights’ section listing the top media ‘talking points’ for the period.
Copies of individual articles mentioned in the Media Coverage Report can be supplied to Board members on request.

Elizabeth Fagan
Chair
22nd January 2019
### Key Highlights

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<thead>
<tr>
<th>Publication or Media Outlet</th>
<th>Date</th>
<th>Article or Report Title</th>
<th>Media Type</th>
<th>Reach ( Rough Estimate Only )</th>
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<tbody>
<tr>
<td>Nottingham Post</td>
<td>11/12/2018</td>
<td>Planned cycle route to serve new housing estates in Gedling borough would look for D2N2 transport funding, via LEP</td>
<td>Print</td>
<td>16,610</td>
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<tr>
<td>West Bridgwater Wire</td>
<td>11/12/2018</td>
<td>Nottingham Science Park extension – to be part-funded by D2N2 LEP, subject to business plan – given go-ahead</td>
<td>Print</td>
<td>15,000</td>
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<td>Insider Media</td>
<td>11/12/2018</td>
<td>Column by Sarah Drinkwater, Property Investment and Development Director, CRT Property Investments Ltd, mentions D2N2 co-funding of Sherwood Energy Village project</td>
<td>Website</td>
<td>71,366</td>
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<tr>
<td>Nottingham Post</td>
<td>12/12/2018</td>
<td>Work starts on £1.4million revamp of Mansfield Old Town Hall, co-funded by LEP grant money via D2N2</td>
<td>Print</td>
<td>16,610</td>
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<tr>
<td>Nottingham Post</td>
<td>12/12/2018</td>
<td>Article on renewed plans for Assembly Rooms scheme mentions D2N2 planned co-funding of future revamp, via LEP.</td>
<td>Print</td>
<td>20,405</td>
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<td>The Business Desk</td>
<td>12/12/2018</td>
<td>Article on renewed plans for Assembly Rooms scheme mentions D2N2 planned co-funding of future revamp, via LEP.</td>
<td>Website</td>
<td>32,967</td>
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<td>Leicester Opportunities sector</td>
<td>12/12/2018</td>
<td>Article on proposed new pedestrian crossing for Arnold Lane as part of Gedling Access Road, mentions GAR being co-funded by LEP</td>
<td>Print</td>
<td>18,610</td>
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<td>Nottingham Post</td>
<td>12/12/2018</td>
<td>Story on proposed new pedestrian crossing for Arnold Lane as part of Gedling Access Road, mentions D2N2 co-funding of project via LEP</td>
<td>Print</td>
<td>21,183</td>
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<td>The Business Desk</td>
<td>11/12/2018</td>
<td>New CEO appointed by D2N2 LEP.</td>
<td>Website</td>
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<tr>
<td>Insider Media</td>
<td>11/12/2018</td>
<td>Column by Sarah Drinkwater, Property Investment and Development Director, CRT Property Investments Ltd, mentions D2N2 co-funding of Sherwood Energy Village project</td>
<td>Website</td>
<td>71,366</td>
</tr>
<tr>
<td>City council warns of 90 days of disruption for traffic during Clemenceast Rd and A38 Drive junction roadworks, beginning Jan 14th which are being funded by D2N2.</td>
<td>Print</td>
<td>21,183</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Dear Sajeeda,

Implementation Plan and National Assurance Framework

Thank you for the work over the past several months in responding to the recommendations of the LEP Review.

As Stephen said at the LEP Network, the government has indicated that it will make further capacity funding available in 2018-19 to LEPs in order to fund the implementation of the LEP Review and to begin development of your Local Industrial Strategy.

I can now confirm that whilst we recognise that you have made progress towards settling your geographical overlaps, I am not in a position to release the full amount of additional capacity funding to you until such time as the overlap is finally resolved. I am however able to allocate you £100,000 in additional capacity funding in recognition of the efforts you have expended in seeking a resolution to date.

We have considered your implementation plan in detail and you should continue to press forward in implementing that plan notwithstanding the overlap issue.

There are a number of areas that will require your particular attention:

- Board Recruitment: completion of the recruitment to fill the current vacancies and expand the number of Board members to increase private sector representation to the required ratio, whilst maintaining your strong gender balance (see below);

- Legal Personality: Board approval to the final proposition regarding the company structure, role of directors and revised terms of reference and articles of association;

- Identification of a single Accountable Body responsible for all LEP funding: Completion of a compliant and competitive procurement exercise, to rationalise all LEP funding in a single Accountable Body;
- Roles and Responsibilities: Board approval to policies clearly documenting the roles and responsibilities of the Chair, Deputy, Director, Accountable Body and the identified groups within the LEPs governance structure, including these in a revised Local Assurance Framework; and;

- External Scrutiny and Oversight: Board approval to enhanced scrutiny arrangements See below).

**Clarifications on Implementation Plans**

I also want to thank you for the feedback you have given as we renew National Assurance Framework. As part of that, I now want to use this opportunity to provide some further clarifications to what we said in *Strengthened Local Enterprise Partnerships* following queries that have arisen since.

**Gender representation**

In *Strengthened Local Enterprise Partnerships* we set out ambitions for LEP Boards to improve their gender balance aiming for equal representation of men and women by 2023 and aim for a minimum of a third women’s representation on boards by 2020. I can confirm that these expectations relate to the *entire* LEP board and not just the private sector portion of the board.

**LEP Chair limits**

LEP Chairs should hold the position for a period of 3 years with an optional 3 year extension. In exceptional circumstances, this could be extended for a further 3 years meaning a maximum tenure of 9 years as Chair.

**Deputy Chairs**

Whilst there is no requirement that a Deputy Chair must be a private sector board member, it is our view that a private sector Deputy Chair would be beneficial in ensuring the LEP speaks with a business voice and help with succession planning.

**Chief Executive**

The Chief Executive, as a minimum, should report exclusively to the LEP and be under the direction of the LEP Board. The Chief Executive should therefore be employed by:

- The LEP itself as a company.
- Seconded to the LEP. Where a Chief Executive is seconded from a Local Authority they must have a clear contract which states that they act independently of Local Authority.
- Employed by the Local Authority but with a clear Service Level Agreement or contact which specifies that they report exclusively to the LEP.

**Scrutiny and audit**

To ensure that the operation of LEPs is subject to external scrutiny and expert oversight, you should establish mechanisms to participate in local authority scrutiny through, for example, attending local authority scrutiny sessions or establishing a special purpose joint local authority scrutiny committee.

**Advertising Chair vacancies**
It is for each individual LEP to decide on its process for advertising vacancies widely and evidencing that they have consulted the business community within this process. We expect all posts to be advertised externally and not restricted to members of the existing LEP board. The government has created a mechanism to allow for Chair and Deputy Chair vacancies to be listed on the Centre for Public Appointments website. You should contact your Cities and Local Growth Unit Area Lead in the first instance to receive further information on how to advertise vacancies on this website.

Local Industrial Strategy

As we mentioned at the LEP Network meeting on 27 November, I am pleased to confirm that Government will begin working closely with all remaining Mayoral Combined Authorities and Local Enterprise Partnerships to develop Local Industrial Strategies from the new year. You may have seen the recent announcement.

In terms of next steps:

- I will be in touch in the New Year to discuss taking this forward.
- An evidence pack will be available shortly to LEPs which will help you with the evidence gathering stage.
- We will continue to work with partners including the What Works Centre for Local Economic Growth and the Local Government Association to provide support throughout 2019. We will be sharing further details on this support shortly.

Finally, to reconfirm, this year’s performance reviews will be based on the existing National Assurance Framework that was published in 2016 with additional requirements following the Mary Ney review which are outlined in the Annual Performance Review guidance. LEPs will need to be compliant with the new National Assurance Framework by April 2019 in order to receive funding in the 2019/20 financial year.

Many thanks once again for your efforts in implementing these important strands of work. I am confident that it will put LEPs in a strong position as we look forward towards the development of ambitious Local Industrial Strategies and as we look to consult on a new UK Shared Prosperity Fund.

Yours sincerely,

Rowena Limb

Area Director, Cities and Local Growth Unit
1. INTRODUCTION

1.1 This report updates Board on the following:
   - D2N2 Strategic Economic Plan
   - Local Industrial Strategy
   - Sector Deals
   - Annual Conversation 2018/19
   - Skills and employment update
   - ESIF Summary Update
   - North Derbyshire Manufacturing Zone
   - Energy Strategy

2. RECOMMENDATIONS

2.1 Board is invited to
   a. NOTE the report

3. D2N2 STRATEGIC ECONOMIC PLAN & INDUSTRIAL STRATEGY

3.1 D2N2 Strategic Economic Plan - Finalisation

The D2N2 Strategic Economic Plan has been updated to incorporate the changes as agreed at the last meeting of the Board, including:

1. A stronger narrative on the importance of technology, particularly digital technologies, and innovation in driving change over the strategy period
2. Clearer reference to robust prioritisation and project management approaches for LEP funds
3. Clarification that ‘opportunity sectors’ and ‘science and innovation sectors’ are all ‘priority sectors’ but that different sectors and types of sectors are important for different reasons and identification of the types of interventions to drive productivity growth in sectors.
4. A stronger articulation of the unique potential of the D2N2 geography and the economic relationships between our cities, market towns and rural areas and their contributions to the delivery of the vision
5. Closer alignment with the roles of LEPs as described in the Ministerial Review, including referencing the role of D2N2 LEP as an ‘advocate’ and a collective voice for the area and a ‘strategic convenor’ in bring partners together as well as determining the investment of LEP area funding allocations.
3.2 The updated draft has been approved by the Chair and Vice Chair and can be shared with members on request. It will be subject to style and design changes in the next few weeks before formal publication and launch.

3.3 **D2N2 Local Industrial Strategy**

Whilst the D2N2 SEP is our partnership’s analysis of the challenges and opportunities for the area, our vision and framework of priorities, it is also ‘phase one’ of the D2N2 Local Industrial Strategy. The full Local Industrial Strategy will be jointly developed with Government over the course of 2019, building on the substantial evidence base gathered for the SEP and will be the shared strategy between Government and the LEP for investment and the development of the D2N2 economy.

On 3rd December 2018, the Government formally invited D2N2, and all other LEPs who weren’t in the first 2 waves of trailblazers, to begin the preparation of a Local Industrial Strategy. The Chair has invited Paul Harris from Rolls Royce to lead the Board’s work on the development of the D2N2 Local Industrial Strategy.

The first ‘engagement’ session with Government officials scheduled to follow the ‘Annual Conversation’ on 15th January. This will inform the planning and process to be followed in preparing our LIS, specifically when Government need to receive a final LEP-approved draft in order for it to be approved and published by Government by end of March 2020.

The Local Industrial Strategy will be built on a more ‘granular’ articulation of our assets and opportunities and informed by additional evidence gathering and consultation. To support further evidence gathering, Government has made up to £5,300 available per LEP area through the Impact Accelerator Accounts operated by the Economic Social Research Council. The University of Nottingham is the only HEI with such an account within the D2N2 area.

Alongside taking up this offer of support we will also look to collaborate more widely in updating our evidence base and considering its implication for the development of our LIS. We have begun to engage with the preparation of the Independent Economic Review of the Midlands being undertaken by the Midlands Engine Observatory, and intend to build on the collaborative relationships with local universities, business organisations and local government that has contributed to the rich evidence base for the D2N2 SEP.

We have arranged to meet with officials of Leicester and Leicestershire LEP on 16th January to learn from their experience as a LIS wave 2 ‘trailblazer’.

4. **SECTOR DEALS**

4.1 The industrial strategy set out Sector Deals as a concept for government to work collaboratively with sectors to agree a Deal to improve their productivity within the context of achieving the objectives of the Industrial Strategy.

Sector Deals will enable the UK to build upon competitive advantages and enhance emerging areas of strength. Additionally they are to widen the Industrial Strategy and address specific challenges holding the sector back from achieving their ambitions.

The Government has committed to respond positively to compelling propositions from a wide range of sectors and industries who demonstrate they can take action to improve the competitiveness of their sector.
Below is an update on progress on current sector deals and in particular in the areas that are most relevant to the sectoral base within D2N2.

Going forward as we develop our Local Industrial Strategy we will seek to ensure synergy with the relevant sector deals.

4.2 **RAIL SECTOR DEAL**

The Rail Sector Deal (RSD) was launched on 6th December 2018. The aim is for Rail to be a driver for the UK economy and being the backbone of a low carbon transport system. Through improved digital and data management across the industry there will be improvements in supply chain, driving efficiency, productivity, enabling new products and services leading to growth and more exports.

Rail Form East Midlands are leading on pilot work in this area and D2N2 LEP will be working alongside the Forum on skills and apprenticeship and business support via the Growth Hub from April 2019.

4.3 **LIFE SCIENCES SECTOR DEAL**

Published in August 2017, Sir John Bell met Midlands partners in Summer 2018 and welcomed the work we have been doing. D2N2 led on the Midlands DIT Life Sciences piece of work around FDI and will work with local partners to develop a Productivity & Growth Plan to align with the Local Industrial Strategy and this Sector Deal.

4.4 **CREATIVE INDUSTRIES SECTOR DEAL**

A Sector Deal was announced on 28 March 2018, between government and the creative industries sector. This included a £20m Cultural Development Fund; as well as £33m for digital investment in tourism; and £2m for creative industries skills and careers.

4.5 **TOURISM SECTOR DEAL**

In December 2018, Government entered into an official negotiation with the tourism industry for a tourism sector deal, with the aim to attract more domestic and overseas visitors and help drive major economic growth.

The industry has committed to respond with a renewed commitment to promote its offer throughout the year, not just in the peak summer months, and increase clear career paths.

The sector has been asked to look at the key themes of:

- Making tourism and hospitality a career for life
- Making the UK the most accessible tourism industry in the world
- Sharing industry data to identify growth opportunities in new and emerging markets
- Increasing accommodation capacity

4.6 **Other Sector Deals**

Other Sector Deals that have been published include Construction, Nuclear, Artificial Intelligence, and Automotive.

The Business & Professional Services Sector Deal is underway with 2 consultation events planned in January which D2N2 are supporting.
5. **ANNUAL PERFORMANCE REVIEW 2018/19**

5.1 Our Annual Performance Review with Government is scheduled to take place on January 15th 2019. This is the formal process by which the Government and each LEP meet annually: to discuss and review the contribution the LEP has made towards driving forward local economic growth; its governance and assurance processes; progress with delivery on key local growth programmes; priorities and challenges for the year ahead; and how it is focusing activities on strategy, branding, communications, allocation of funds, co-ordination and Advocacy.

5.2 We have produced a formal response in advance of the meeting on how we are progressing against each area and have worked with our relevant partners and accountable bodies to prepare this.

5.3 As the meeting is taking place after the papers have been prepared, a verbal update will be provided at the meeting.

6. **SKILLS & EMPLOYABILITY UPDATE**

6.1 As part of the revised governance proposal officers are currently working with partners to develop a new model for Skills through the creation of a People and Skills Board which will fully incorporate the role of the SAP. Guidance on the role of SAPs has now been received from Government on how they will fulfil their role in enabling the ‘effective functioning of local labour markets’, by:

- Enabling representation of all types of providers, employers (large and small) and other key local stakeholders;
- Analysing local labour markets AND developing effective strategies to address labour market challenges;
- Advising on potential investment decisions for local skills and employment provision as well as overseeing implementation.

Long term, the SAP will operate as a core component of the Industrial Strategy to address mismatches between skills supply and employer demand. In D2N2 the People and Skills Board will fulfil all of these functions and also provide coherence and coordination across all our ‘people facing’ programmes, enable relationships to be built between different parts of the skills system and provide a mechanism for communication with key government departments.

6.2 To support the development of SAPs, Department for Education are making £75K available to each local area (LEP / CA) for the purpose of building capacity, growing local capability sustainably and for producing high quality analysis to underpin the work of the SAP. A template MoU has been provided which LEPs must complete and return by 25th January detailing how the money will be used locally. LEP officers are currently working with partners across D2N2 to maximise the use of our combined analytical capability and therefore the value of this additional investment. Board members are asked to note that,
as with all future LEP investments, this funding is subject to conclusion of negotiations relating to overlap areas

6.3 In our work with schools and the Careers & Enterprise Company; D2N2 is pleased to welcome Emily Carter and Andrea Bell as new Enterprise Coordinators supporting the roll out of the Enterprise Advisor Network in High Peak, Derbyshire Dales, Erewash, Amber Valley and South Derbyshire. In Nottinghamshire, Caroline Tomlinson has been appointed through Futures to support the network in South Nottinghamshire and a further appointment supporting North Nottinghamshire is expected later in January; completing full LEP coverage. Regular meetings between the LEP, local upper tier and district authority leads and Enterprise Coordinators are now being set up to ensure regular feedback on network progress.

6.4 We have been notified by the Careers and Enterprise Company of the launch of a new fund supporting young people in Primary education. D2N2 is currently working with EM Chamber, Derby Opportunity Area, local providers and the HS2 Skills Partnership to consider a bid which helps progress skills opportunities highlighted as a result from HS2 and of relevance to many other local priority sectors. Bids are due by 15th February 2019.

7. ESIF SUMMARY UPDATE

7.1 ERDF

In October 2018 calls were launched under all priority axes to allocate the total remaining funding under each priority axis outside of the Nottingham SUD allocation. The calls closed on 23 November 2018. The table below shows the value and volume of projects received under each call.

<table>
<thead>
<tr>
<th>PA</th>
<th>Theme</th>
<th>ERDF call value</th>
<th>Value of applications received</th>
<th>Remaining balance</th>
<th>No of applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Innovation</td>
<td>£2,410,836</td>
<td>£5,890,432</td>
<td>-£3,479,596</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>ICT</td>
<td>£950,893</td>
<td>£945,736</td>
<td>£5,157</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>SME Competitiveness</td>
<td>£5,759,165</td>
<td>£5,897,188</td>
<td>-£138,023</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Low Carbon</td>
<td>£8,649,227</td>
<td>£10,330,082</td>
<td>-£1,680,855</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Climate Change Adaptation</td>
<td>£1,081,399</td>
<td>£1,080,000</td>
<td>£1,399</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Protecting the environment and resource efficiency</td>
<td>£1,051,102</td>
<td>£2,021,802</td>
<td>-£970,700</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>£19,902,622</strong></td>
<td><strong>£26,165,240</strong></td>
<td>-£6,262,618</td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>

2 Technical Assistance workshops were held in Nottingham and Derby supporting organisations to make high quality applications to the call documents.

Outline assessments are being completed by MHCLG and will be presented at the next appropriate ESIF sub-committee meeting for members’ advice on strategic fit and value for money.
7.2 ESF

We are working with organisations who are applying to deliver services to unemployed and inactive people as outlined in the calls below

1.1 – Access to Employment for Jobseekers and Inactive People in the D2N2 LEP area (£8.1 m)

This call for proposals aims to support unemployed and inactive participants into employment and self-employment.

The closing date for applications was 28 December 2018

1.2 Careers & Employability Service for those at risk of becoming NEET in the D2N2 LEP Area (£1m)

This call will provide a ‘Careers and Employability Service’, to work with senior managers in educational establishments to agree a programme of enhanced careers and employability support to young people aged 15 – 19 identified as at risk of becoming NEET.

The closing date for applications is 16 January 2019

2 Technical Assistance workshops were held in Nottingham and Derby to support organisations make high quality applications to both ESF open calls.

7.3 Contract Extensions for Big Lottery and DWP opt in provision

DWP Opt in - Investment Priority 1.1 - Working Links – INSPIRE Local

The LEP received notification from DWP on the 6th of December 2018 that the performance criteria to allow extension for this contract has not be met.

This means that Working Links cannot recruit new learners from January 2019 but there remains a final year to deliver the programme and drive job outcomes for those participants already engaged. LEP officers will work with DWP to call for alternative provision early in 2019.

Big Lottery Opt in – Investment Priority 1.4 – Building Better Opportunities

Currently 3 contracts are in scope for extension in time and funding

- Framework Housing – Opportunity and Change
- Greater Nottingham Groundwork Trust – Towards Work
- St Ann’s Advice Group – Money Sorted

All the above projects are due to end in December 2019

The ESIF committee have agreed that the offer of extension for the Big Lottery opt ins be progressed dependent upon ESIF committee being in receipt of performance information for each provider that shows that they are meeting the extension eligibility criteria.

If the performance of BBO provision meets eligibility performance criteria Big Lottery predict the total cost for extending the contracts will be £6,357,324 from the investment priority 1.4

Contract extensions are affordable within the current resources still available in the 1.4 investment priority. Agreeing extensions to all the contracts extensions will secure provision until 2023.
7.8 **DWP LETTER TO ESIF COMMITTEES**

Catherine Blair, Head of the ESF Division wrote to all ESIF committees on 12 November 2018 outlining DWP priorities for the remaining ESF programme.

The LEP has responded to DWP setting out our indicative plans to commit the remaining ESF funds. All proposals for future programmes are aligned to key priorities highlighted in the revised SEP and will drive activity to meet those priorities.

On receipt of a response from DWP LEP officers will consult with wider stakeholders to ensure they are aware of future funding opportunities and begin the process of developing rigorous and robust partnerships to apply for and deliver future ESF programmes and outcomes.

7.9 **EAFRD**

The three RDPE Growth Programme grant calls launched in January 2017 (Food Processing, Business Growth and Tourism Infrastructure) closed on 31 May 2018. In the D2N2 LEP area, 16 Full Applications have been received to date. Nine projects have been approved and contracted.

8. **NORTH DERBYSHIRE MANUFACTURING ZONE PILOT**

8.1 Board members may recall that following provision within the Budget in November 2017 for a Manufacturing Zone pilot in the East Midlands, D2N2 submitted a bid in August 2018 for a pilot in North Derbyshire. The goal was to tackle planning restrictions, enable land to be used more productively, provide certainty for business investment and help boost local productivity and growth.

8.2 I am pleased to confirm that D2N2 was successful in securing £220,000 from the fund as a result of the bid and will now work with partners to develop and implement the proposal.

8.4 D2N2 worked with partners to develop and submit the Northern Derbyshire Manufacturing Zone, which is a proposal to accelerate development on key sites across three authorities in northern Derbyshire (Bolsover, North East Derbyshire and Chesterfield), with a recognised manufacturing heritage and presence and enable the area to benefit from potential investment associated with the development and maintenance of HS2.

8.6 The total size of the pot of funding that was available was £500,000, with the rest of the funding allocated to LLEP and GLEP.

9. **ENERGY STRATEGY**

Work continues to finalise a D2N2 Energy Strategy, which was commissioned in April 2018 and funded by BEIS. The aim of the D2N2 Energy Strategy is to address the big energy issues and challenges, identify and support the energy supply-chains located in D2N2, and, establish large-scale project concepts and investment opportunities. Energy will be an integral part of the Local Industrial Strategy that is to be developed by the D2N2 Local Enterprise Partnership (LEP).

The emerging D2N2 vision is holistic: a systems’ thinking approach to overcome silos of work and maximise opportunities. D2N2 will work to ensure that approaches are sustainable in every sense. This includes setting ambitious targets for 2030, or sooner where possible, including:
• 100% low-carbon energy supply with 60% renewable generation output and increase of 180MW in electrical storage
• Increase the provision of smart transport infrastructure to support a target of 70% of vehicle miles to be Ultra Low Emissions
• 100 new businesses in the Low Carbon and Renewable Energy sector and 1000 new jobs
• Secure at least £100m of investment in local energy projects.

To help implement the final strategy, there are 9 staff posts across the Midlands Engine that come together under the Midlands Engine Energy Hub, funded by 1.2m from BEIS, that can model, scenario plan and develop viable projects to take advantage of funding sources such as “Strength in Places Fund”, “Industrial Strategy Challenge Fund”, national government energy funding and ultimately form part of the Local Industrial Strategy and UK Shared Prosperity Fund.

The role of the Midlands Energy Hub is to support the capacity of LEPs and partners to identify and deliver local energy strategies and projects. There are nine LEP areas across the Midlands and each LEP area will have a locally based Senior Energy Project Officer available to provide support on Energy Projects that are identified from the local Energy Strategies.

The Energy Steering Group are considering the draft report with a view to presenting the Strategy to Board in March 2019.
Growth Hub Operational Dashboard (Dec 2014-Jan 2019)

**Engaged**
- 7,174 businesses

**ERDF eligible**
- 4,538 businesses

**Turnover**
- £285M combined

**Employment**
- 3,420 combined FTE

* figures based on data collected since Q2 2018

**Targets**

- **3hr assists (P13)** % of target
  - 2014-15: 0, 2211, 2505
  - 2015-16: 0, 31, 64
  - 2016-17: 0, 0, 0
  - 2017-18: 0, 0, 0
  - 2018-19: 0, 0, 0
  - % of target: 88% achieved

- **12hr assists (C1)** % of target
  - 2014-15: 0, 355, 472
  - 2015-16: 0, 0, 0
  - 2016-17: 0, 0, 0
  - 2017-18: 0, 0, 0
  - 2018-19: 0, 0, 0
  - % of target: 75% achieved

- **New enterprises (C5)** % of target
  - 2014-15: 0, 64, 31
  - 2015-16: 0, 0, 0
  - 2016-17: 0, 0, 0
  - 2017-18: 0, 0, 0
  - 2018-19: 0, 0, 0
  - % of target: 48% achieved

- **Jobs created (C8)** % of target
  - 2014-15: 0, 240, 147
  - 2015-16: 0, 0, 0
  - 2016-17: 0, 0, 0
  - 2017-18: 0, 0, 0
  - 2018-19: 0, 0, 0
  - % of target: 61% achieved

**Businesses engaged by quarter**

**Key Sectors**
- Creative & Digital: 40%
- Life Sciences: 13%
- Visitor Economy: 12%
- Food & Drink: 10%
- Construction: 10%
- Low Carbon: 6%
- Transport Equip.: 5%
- Other: 2%

**Size of businesses**
- 1-9 Micro (inc. Proprietor): 67%
- 10-49 Small: 6%
- Unknown: 24%

**Source of enquiry (Top 10)**
- Event - Growth Hub: 23%
- Growth Hub Website: 23%
- Other (please specify): 14%
- Approached by Growth Hub: 13%
- Event - Other: 9%
- Referred by another business: 7%
- Growth Hub Marketing Coll: 4%
- National Business Network: 3%
- Growth Hub Surgery: 2%
- Twitter: 2%

**Nature of enquiry (Top 10)**
- Business Strategy and Planning: 39%
- Access to Finance: 33%
- Starting A Business: 12%
- Sales and Marketing: 5%
- Other: 5%
- Staff Training/Development: 3%
- New Product & Service Development: 1%
- Searches for Premises: 1%
- Management Training/Development: 1%
- Sector Specific Expertise: 1%
**Engagement by Local Authority**

**Referrals to partners by category (Top 7)**

- **Rural Development 168**
- **Access To Finance 1,234**
- **Start-Up Support 404**
- **Skills 483**
- **ICT & Digital Support 798**
- **Innovation 524**

**Total referrals/signposts**: 5,117

**Engagement, outputs and penetration rate by LA**

<table>
<thead>
<tr>
<th>Local Authorities</th>
<th>Engaged</th>
<th>P13</th>
<th>C1</th>
<th>C5</th>
<th>C8</th>
<th>Overall penetration rate</th>
<th>Total number of businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Derbyshire County</strong></td>
<td>2,593</td>
<td>783</td>
<td>130</td>
<td>13</td>
<td>16</td>
<td>8.8%</td>
<td>29,445</td>
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<tr>
<td>Derby</td>
<td>761</td>
<td>164</td>
<td>46</td>
<td>11</td>
<td>9</td>
<td>11.6%</td>
<td>4,680</td>
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<tr>
<td>Chesterfield</td>
<td>1,784</td>
<td>662</td>
<td>155</td>
<td>14</td>
<td>13</td>
<td>20.1%</td>
<td>8,890</td>
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<tr>
<td>Bassetlaw</td>
<td>1,784</td>
<td>662</td>
<td>155</td>
<td>14</td>
<td>13</td>
<td>20.1%</td>
<td>8,890</td>
</tr>
<tr>
<td><strong>Nottinghamshire County</strong></td>
<td>1,722</td>
<td>551</td>
<td>49</td>
<td>2</td>
<td>2</td>
<td>6.4%</td>
<td>26,725</td>
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<tr>
<td>Rushcliffe</td>
<td>311</td>
<td>103</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>5.8%</td>
<td>5,400</td>
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<tr>
<td>Newark &amp; Sherwood</td>
<td>286</td>
<td>97</td>
<td>9</td>
<td>0</td>
<td>1</td>
<td>5.9%</td>
<td>4,845</td>
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<tr>
<td>Broxtowe</td>
<td>274</td>
<td>95</td>
<td>14</td>
<td>1</td>
<td>0</td>
<td>8.1%</td>
<td>3,400</td>
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<td>Gedling</td>
<td>235</td>
<td>82</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>6.9%</td>
<td>3,430</td>
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<tr>
<td>Mansfield</td>
<td>226</td>
<td>71</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>8.3%</td>
<td>2,735</td>
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<tr>
<td>Bassetlaw</td>
<td>216</td>
<td>65</td>
<td>5</td>
<td>0</td>
<td>1</td>
<td>5.3%</td>
<td>4,045</td>
</tr>
<tr>
<td>Ashfield</td>
<td>174</td>
<td>38</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>6.1%</td>
<td>2,870</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,860</td>
<td>2,203</td>
<td>354</td>
<td>31</td>
<td>32</td>
<td>9.5%</td>
<td>72,425</td>
</tr>
</tbody>
</table>
INTRODUCTION

This report provides an overview of performance of the Local Growth Fund budget, the Growing Places Fund and the Growth Hub.

RECOMMENDATION

To NOTE the paper.

PROGRESS

In addition to the separate reports on the Local Growth Fund from the Infrastructure Investment Committee and the Growing Places Fun Sub-group this paper provides an overview and update on progress of both programmes, and a brief update on the Growth Hub.

LOCAL GROWTH FUND 2018/19

Overall good progress continues to be made in this financial year with projects coming forward for approval and delivery.

After the delays in the last financial year and the underspend against our target with Government at the end of the year, we have made significant progress with a number of our large capital projects moving forward.

The table below shows our financial target for this year and our current estimated end of year position:

<table>
<thead>
<tr>
<th>2018/19</th>
<th>BUDGET</th>
<th>SPENT TO DATE</th>
<th>FORECAST</th>
<th>DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Millions</td>
<td>32.36</td>
<td>30.00</td>
<td>50.00</td>
<td>+17.64</td>
</tr>
</tbody>
</table>

The table shows that against our budget of £32.36M (financial target and allocation set by Government) we are showing that we will spend £50 Million, and have already spent £30M. Whilst this is an overspend against the budget this takes in to account underspends from previous years which currently sit at £40M. I am expecting that this figure is likely to change with end of year fluctuations but will remain within 10% of the current estimate.

We have profiled the rest of the underspend across the remaining financial years of the Local Growth Fund (2019-2021), to balance the funding received from Government with what is required to deliver the full programme. Further details are provided in the report from the IIB.
We continue to closely monitor the programme and review all projects at the IIB on a risk based approach. Currently there are 3 projects flagged as high risk which are detailed in the attached High Risk report.

We are continuously exploring opportunities for accelerating delivery to offset any delays across the programme which are inevitable with complex physical infrastructure schemes.

In terms of outputs we are again making good progress against delivering our core targets and report these back through the IIB.

3.3 GROWING PLACES FUND

The attached report provides a detailed update on progressing the current pipeline of projects.

Of the overall programme allocation of £23.3M, £11M of loans have been agreed with a further £7M under review. Leaving just under £6M unallocated.

In terms of approved loans these are progressing well with payments, with a number of applicants seeking early re-payment.

With regards to projects under review these have all been provided with clear indications of what is required from them to move forward, with a long-stop date for completion or withdrawal from the programme.

The GPF sub-group agreed that no further applications will be accepted and a review of the programme will be commissioned once the LEP Single Accountable Body was appointed to re-shape the fund to meet the current market demand.

3.4 GROWTH HUB

The Growth Hub celebrated its 4th Anniversary on 6 December, the Celebrate #4 video can be viewed here. Following the recent evaluation process we now have a Strategic Framework in place to deliver the new ERDF funding beginning from April 2019, this also reflects the shift towards supporting improved productivity in line with the SEP as well as maintaining support for overall business growth.

Attached is the quarterly Dashboard providing details of latest progress on performance (Annex 1)
Projects at High Risk are:

<table>
<thead>
<tr>
<th>Project</th>
<th>Why is this high risk?</th>
<th>Mitigation</th>
<th>LGF Investment</th>
<th>Action for IIB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gedling Access Road</td>
<td>The promoter has reported that the start date for commencement had previously slipped by 12 months due to delays in land being purchased through a Compulsory Purchase Order.</td>
<td>The promoter has provided an update to the IIB and has had approval for a Pre-Compliance Agreement. Work on a CPO is ongoing and the project promoter is currently awaiting any final objections should they be lodged. The promoter will have a greater indication of the potential challenges that have been lodged and subsequently the future timescales of the project in February 2019.</td>
<td>£10.8M</td>
<td>IIB have previously approved the pre-compliance request from the applicant. IIB are asked to note the progress and await the full business case due for review in 2019.</td>
</tr>
<tr>
<td>Gedling Access Road</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nottinghamshire County Council</td>
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</tr>
<tr>
<td>A61 Corridor and Whittington Moor Roundabout</td>
<td>Delays in submitting the business case on the first phase of the programme in relation to Whittington Moor.</td>
<td>The promoter has provided previous updates to the IIB on progress and has had approval for a Pre-Compliance Agreement to support the development of the full corridor development. The project has been awaiting the conclusion of a consultation on the proposed improvements at Whittington Moor Roundabout. A number of objections have been raised to a proposed road closure which has delayed the scheme. Revised options are due to be presented and considered by the IIB at its February meeting.</td>
<td>£16.04M</td>
<td>IIB have received an update on the projects progress in July 2018. The IIB are asked to note the presentation and decide upon further options to progress the project.</td>
</tr>
<tr>
<td>A61 Corridor and Whittington Moor Roundabout</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Derbyshire County Council</td>
<td></td>
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<tr>
<td>Newark Southern Link Road</td>
<td>This has been put at high risk due to output targets being missed and uncertainty over match funding contributions for the completion of the road.</td>
<td>The applicant made a submission to the Housing Infrastructure Fund which was not successful. Further funding alternatives are currently being worked on from the project sponsor. Meetings have been held with key stakeholders.</td>
<td>£7M</td>
<td>The LEP continue to meet with the project promoter alongside other partners. A full update on the project will be provided.</td>
</tr>
<tr>
<td>Project</td>
<td>Why is this high risk?</td>
<td>Mitigation</td>
<td>LGF Investment</td>
<td>Action for IIB</td>
</tr>
<tr>
<td>---------</td>
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<tr>
<td></td>
<td></td>
<td>stakeholders to come to a conclusion about potential funding solutions for the project. D2N2 has part funded an independent viability assessment to identify the best course of action for funding the full scheme. Work is ongoing to understand the full gap in delivery and seek a funding solution.</td>
<td>received by the IIB in Early 2019.</td>
<td></td>
</tr>
</tbody>
</table>
1. INTRODUCTION

This report provides an update on the 20th December 2018 Infrastructure and Investment Board (IIB).

2. RECOMMENDATION

To receive and note an update of all papers presented to the Infrastructure Investment Board on the 20th of December 2018.

3. PROGRESS

20th December 2018 IIB

The December 2018 IIB was held at County Hall, Matlock it considered the following agenda items:

- A Programme Performance overview including High Risk projects and quarterly monitoring.
- Local Growth Fund Budget
- Project for approval-Southern Gateway
- An update on the N2 Town Centres project
- Additional outputs for broadband projects

Project Performance Overview

A general update of all projects was delivered to the group on their progress and latest status since the last meeting. Three projects remain on the high risk register and they are the following:

Gedling Access Road – The compulsory purchase order process to allow the road to be delivered is ongoing. The promoter will have a greater indication of the potential challenges that have been lodged and subsequently the future timescales of the project in January 2019.

A61 Corridor and Whittington Moor Roundabout. The project has been awaiting the conclusion of a consultation on the proposed improvements at Whittington Moor Roundabout. A report on the options will be presented to the next IIB following a Derbyshire County Council Cabinet decision on the 20th December.

Newark Southern Link Road. Further funding alternatives are currently being worked on from the project sponsor and the LEP are due to meet with other sponsors and the promoter in January to discuss further options to fund the project.
The output monitoring for quarter 2 was presented, showing 2 projects at high risk, Newark Southern Link Road and Vision University. Overall the programme has currently achieved 91% of the jobs target, 46% of the homes target and 31% learner’s target.

**Programme Budget**

The budget was presented to the Board showing an over commitment within year of £19.77m, this overspend will be offset by the previous year’s underspend which is currently held in capita; programmes by the Accountable Body. The overall programme is still showing an over commitment of £7.45m which at the June 2017 IIB meeting was agreed to be funded by a £4m contribution from the Growing Places Fund and the balance to be shared on an equitable basis by the 4 Upper Tier Authorities.

**Nottingham Southern Gateway**

Approval was granted for the Southern Gateway project. Phase 2 will build on the Southside Transport Strategy to provide further improvements to the new areas of public space created by Phase 1. Phase 2 will also deliver active frontages to increase activity at ground level on the street including a new library along the key routes of Collin Street and Carrington Street. It will support the visitor economy by delivery by delivery a brand new Broadmarsh car park and bus station, incorporating a modern façade and high quality retail space. The project aims to change the Southern Gateway of the city, opening the area up to new inward investment opportunities through the regeneration works taking place. The project will cost in total £55.2m including phase 1 and 2. The outputs for the project are:

- 532 FTE jobs
- 2300 indirect jobs
- Newly constructed library
- New modernised car park with 1,208 spaces and a new bus station
- 7,000m² of public realm transformed

After discussion from the IIB members it was decided that any approval for the project was given subject to an agreement between Nottingham City Council and intu being agreed and signed which demonstrates that the redevelopment of the Broadmarsh shopping centre be delivered alongside the Southern Gateway programme.

**N2 Town Centres**

An update on the N2 Town Centres was provided by Geoff George from Nottingham County Council. Three projects have been approved in 2018/19 by the Governance Board, Arnold Town Centre, Mansfield Old Town Hall and Beeston Town Centre. £625k of the £7.625m allocation remains unallocated from the initial project approval, Nottinghamshire County Council will make a call for projects in early 2019 to allocate this funding to a new project which delivers the remaining output commitment.
Derbyshire and Nottinghamshire Broadband

An update on additional outputs for the two broadband projects was given. Both projects have entered into new agreements with BT to roll out fibre broadband to more homes and businesses. Both areas currently have a target of 98% coverage for 24mbps, with Derbyshire currently at 94.4% and Nottinghamshire at 97.7%.

Sarah Wainwright
Senior Accountant/Project Monitoring Officer D2N2
Derbyshire County Council
D2N2 LOCAL ENTERPRISE PARTNERSHIP
BOARD REPORT

DATE: 22 January 2019
REPORT LEAD: Andrew Pritchard
AGENDA ITEM: Item 3.5

TITLE: HS2 Update Report

1. Introduction

1.1 The East Midlands HS2 Growth Strategy was published in September 2017 and sets out ambitious proposals to use HS2 connectivity create an additional 74,000 jobs and £4 billion of GVA by 2043 (10 years after HS2 Phase 2b is planned to be operational). Development of the Growth Strategy (available on the EMC Web-site) was supported by a grant of £1.25 million from DfT, which was managed by the HS2 Strategic Board with financial accountability through D2N2. The Growth Strategy focuses on the following three areas:

- **People:** Ensuring local communities and businesses can benefit fully from the economic opportunities that HS2 will bring, both during and after construction.
- **Place:** Delivering complementary growth around the Hub Station at Toton and in Chesterfield/Staveley
- **Connectivity:** Ensuring that the Hub Station is well connected to surrounding communities, towns and cities where around 80% of the economic benefit of HS2 is likely to be realised, and that links to and within Chesterfield are improved.

1.2 Over the last 18 months the focus of activity by local partners has shifted from strategy development to delivery, which has necessitated a review of governance arrangements. The revised arrangements set out below were agreed in July 2018.
2 Working Draft Environmental Statement Consultation Response

2.1 Planning permission for building HS2 will be secured though the Parliamentary ‘hybrid bill’ process. The hybrid bill for the line from Birmingham to Leeds through the East Midlands (known as HS2 Phase 2b), is planned to be introduced to Parliament in mid-2020 and receive Royal Assent in 2023 - after the next General Election. There is a process for relevant third parties to ‘petition’ Parliament to make changes to the hybrid bill, but this can be a complex and costly process.

2.2 A hybrid bill must be accompanied by an Environmental Statement, which sets out a description of the scheme, its environmental impacts and how those impacts are proposed to be mitigated.

2.3 Consistent with previous practice, the Government launched a 10 week non-statutory consultation on a ‘Working Draft Environmental Statement’ (WDES) for Phase 2b, which concluded on the 21st December 2018. The WDES ran to many thousands of pages and describes the emerging scheme design in the East Midlands. Whilst it represents work in progress and proposals will continue to evolve up to the submission of the Phase 2b Hybrid Bill next year, it represents an important stage in the development process and that last public opportunity to amend the proposals before the formal Parliamentary process.

2.4 Work on developing a regional response to the WDES consultation was led by the Mitigation Board chaired by Cllr Simon Spencer, with input from the other Delivery Boards. The final response was agreed by the HS2 Executive Board chaired by Cllr Jon Collins on the 14th December 2018.

2.5 The regional response focusses only on matters of strategic importance, but links clearly to more detailed responses made by individual local authorities. A major concern with the current design for the Hub Station at Toton is that it assumes a car based ‘parkway’ solution, rather than the multi-model transport interchange envisaged by the Growth Strategy. This will significantly limit the economic benefits of HS2 connectivity to the East Midlands. Whilst there will be opportunities to for the design to evolve over the coming months, the need to petition for changes through the Parliamentary process cannot be ruled out.

3. East Midlands Hub Station Growth Zone

3.1 Following a joint D2N2/EMC submission made in 2018, the DfT made available and additional £1.8 million to support further work to develop the growth proposition around Toton, closely aligned to HS2 themed Housing Infrastructure Fund (HIF) bid led by Nottinghamshire County Council. Priorities for the initial tranche of funding have been agreed through the HS2 Executive Board and implementation delegated to the Hub Station Delivery Board chaired by Cllr Kay Cutts MBE. Regular reports on progress will be made to the HS2 Executive Board and financial accountability for the funding will be through D2N2.

3.2 The Treasury has also made available up to £2 million to take forward proposals to establish a development corporation covering the Toton area, and potentially other sites in the wider locality. The funding has been made available through the Midlands Engine, and discussions with key parties are expected early in 2019 led by Sir John Peace, Chairman of both Midlands Engine and Midlands Connect.
Northern Derbyshire Growth Zone

4.1 Work on taking forward the emerging propositions for maximising the benefits of HS2 for Chesterfield and the proposed Infrastructure Maintenance Depot (IMD) at Staveley has been led by the Chesterfield & Staveley Delivery Board chaired by Cllr Trish Gilby, and joint funded by the East Midlands (via D2N2) and Sheffield City Region.

4.2 The second phase of master-planning for Chesterfield is nearing completion and will support the local element of the HS2 themed HIF bid led by Nottinghamshire County Council. In addition, the HS2 Executive Board on the 14th December 2018 endorsed a bid for additional Government funding to support the further development of the Northern Derbyshire proposition, similar to that awarded for Toton.

Skills & Supply Chain Activity

5.1 The initial economic benefits of the HS2 for the East Midlands will be felt by the workers and businesses in the local supply chain. The East Midlands Chamber has worked with HS2 Ltd to hold a number of procurement events for local businesses, and so far over 126 companies from the East Midlands have won contracts from HS2.

5.2 However progress on skills and training has been patchy. Local partners including D2N2 have committed to work together to make better use of existing funding and arrangements to support the HS2 agenda, and to formally establish the new HS2 Skills & Supply Chain Board to provide leadership and accountability, supported by an executive group of senior officers.

Joint Work with Midlands Connect

6.1 Effective strategic and local connectivity by a range of different transport modes to the HS2 Hub Station at Toton and to Chesterfield are key realising the economic benefits of HS2 for the East Midlands. A number of workstreams are being taken forward jointly with Midlands Connect to establish an integrated transport package covering rail, mass rapid transit, road, bus, cycling and walking. These include:

- East Midlands Gateways Connectivity Plan - a multi-modal study to develop a package interventions linking Derby, Nottingham and East Midlands Airport with the Hub Station and surrounding areas.
- Economic Case for Conventional-Compatible link at the Hub Station to enable direct high speed rail services between Leicester and Leeds.
- Economic Case for partially opening the Hub Station by 2030 to enable some high speed services to operate between Toton, Birmingham and London prior to the completion of the line to Leeds.
- A study to examine options to close the low level rail line in Long Eaton to avoid severance of the town.
- A programme of work with Network Rail to develop the Midland Connect Indicative Train Service Specification (ITSS), which includes provision for mix of high speed, conventional compatible, and conventional rail services serving the Hub Station.
7. **Strategic Management & Co-ordination**

7.1 The successful delivery of the Growth Strategy as a whole will require activity across a wide geography and a number of disciplines and functions, and as a result a level of strategic management and co-ordination. EMC will continue to provide this function to local partners and D2N2 with support from HS2 funding and Midlands Connect for at least the next financial year.

8. **Forthcoming Parliamentary Events**

8.1 The impending hybrid bill process means that the role of MPs progressing HS2 will become much more significant over the coming months. As a result there is a pressing need to secure understanding and support for the key objective of the Growth Strategy - which will be challenging given the current national political situation.

8.2 There are two forthcoming Parliamentary events, both hosted by Lilian Greenwood MP where a strong presence from the local political and business leaders from the East Midlands would be beneficial:

- Securing HS2 for the North & Midlands Parliamentary Event: 24th January 2019, 1.00pm to 3.00pm
- HS2 East Parliamentary Event: 6th March 2019, 2.00pm to 4.00pm

9. **Recommendations**

9.1 The Board notes this report and endorses the ongoing role of D2N2 in the delivery of the East Midlands HS2 Growth Strategy.

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