

## D2N2 LOCAL ENTERPRISE PARTNERSHIP BOARD – AGENDA

**Date:** 8 June, 2023

**Venue:** BioCity Nottingham, Innovation Building, Pennyfoot St, Nottingham NG1 1GF

1.1	Welcome and Introductions	Elizabeth Fagan	Verbal	1300
1.2	Declarations of Interest	Elizabeth Fagan	Verbal	1303
1.3	Minutes from 09/03/23 and matters arising	Elizabeth Fagan	Paper for decision	1305
<b>2.</b>	<b>Strategic discussion</b>			
2.1	Chair's report <ul style="list-style-type: none"> <li>• UKREIIF</li> <li>• LSIP</li> <li>• Joint work with Freeport on inward investment</li> <li>• Proposal for "East Midlands Hydrogen" partnership</li> </ul>	Elizabeth Fagan	Paper for discussion	1310
2.2	Capital Programme	Tom Goshawk	Paper for information	1330
2.3	Finance Update Report	Sarah Wainwright	Paper for information	1335
2.4	D2N2's role in inclusion	Natasha Johnson	Paper for discussion	1345
2.5	Updated delivery plan to 2025	Will Morlidge	Paper for decision	1405
2.6	CEO's report <ul style="list-style-type: none"> <li>• Strong progress by our Careers Hub</li> <li>• Innovation bids by our universities</li> <li>• Freeport work on inward investment</li> </ul>	Will Morlidge	Paper for information	1420
2.7	Early-Stage Angel Investment Fund EXEMPT PAPER	Tom Goshawk	Paper for information	1440
3.	AOB	All	Verbal	1450
4.	Date of next meeting: 31 August, 2023, venue to be confirmed			

PUBLIC

**Item 1.3: DRAFT Key Decision/Action Points from Board**

**D2N2 LOCAL ENTERPRISE PARTNERSHIP BOARD MEETING**

Thursday 9 March, 2023

Derbyshire County Council, County Hall, Matlock DE4 3AG  
(with hybrid Teams dial-in)

Chair	David Williams
Minutes	Sally Hallam

**Present and Apologies**

**D2N2 Board Members in attendance**

Cllr Kevin BATTERY	Leader, Amber Valley BC
Graham Cartledge	Chairman, Handley House Ltd – Business Rep
Dr Glenn Crocker, MBE	Exec Director, The Pioneer Group- Business Rep
Katrina Crookdake	Area Lead Nottm/Notts, BEIS
Tim Freeman	Deputy MD, Toyota UK- Business Rep
Natasha Johnson	Director of Partnerships, Global Entrepreneurs UK – Business Rep
Scott Knowles	CEO, East Midlands Chamber- Business Rep
Cllr David Mellen	Leader, Nottingham City Council
Prof Edward Peck	VC and President, Nottm Trent Uni – HE Rep
Cllr Chris Poulter	Leader, Derby City Council
Becky Rix	Marketing Director Roadgas - Business Rep
Cllr Simon Robinson	Leader, Rushcliffe BC – Notts Districts Rep
Viv Russell	CEO, Minerals Products Qualifications Council- Business Rep
Mandie Stravino, OBE	CEO, Derby College Group – FE Rep
Tony Tinley	Union Official Unite - Business Rep
Liz Wigley	Area Lead Derby/Derbys, BEIS
David Williams	Chair, Geldards, Deputy Chair D2N2

**Accountable Body in attendance**

Sarah Wainwright	Senior Finance Officer Accountable Body, Derbys County Council
------------------	--

**Apologies from Board Members**

PUBLIC

James Brand  
Cllr Keith Girling  
Cllr Barry Lewis

CEO United Castbar – Business Rep  
Portfolio Holder, Nottinghamshire County Council  
Leader, Derbyshire County Council

### **Also in attendance**

Emma Alexander  
Ben Bradley, MP  
Simon Gladwin  
Tom Goshawk  
Nicki Jenkins  
Kath Marriott  
Adrian Smith

MD, Derbyshire County Council  
Leader, Nottinghamshire County Council  
Exec Director (Operations), Amber Valley BC  
Associate Director, Faithful and Gould  
Director Econ Development and Property, NCC  
CEO, Rushcliffe BC  
CEO, Nottinghamshire County Council

Nicola Swaney

Observer

### **Officer Support**

Fiona Baker  
Lana Jay  
Will Morlidge  
Derrick Mugerwa  
Maureen Vieyra

D2N2 Head of People and Skills  
D2N2 Strategic Careers Hub Lead  
D2N2 CEO  
D2N2 Digital Marketing and Communications Officer  
D2N2 Head of Corporate Services

## **1.1 Welcome and Introductions**

The meeting was chaired in Elizabeth Fagan's absence by Deputy Chair, David Williams, who welcomed all to the meeting and extended a particular welcome to Dr Glenn Crocker who was attending Board for the first time.

Apologies were recorded from Board members James Brand and Cllrs Lewis and Girling.

## **1.2 Declarations of interest**

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

No declarations were made by members present.

PUBLIC

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

The Minutes of the previous meeting held on 7 December, 2022 were confirmed as a true record.

Will Morlidge again drew attention to the requirement for Board members to demonstrate up-to-date training on GDPR requirements and asked those members who required training or a refresher to come forward so that this could be arranged for them.

### **2.1 D2N2 Chair's Report**

David Williams introduced the Chair's report updating members on significant developments since the last meeting and drew Members' attention to the detailed notes under each item.

Following on from references in the report to devolution plans, he invited guest speaker, Cllr Ben Bradley to address the meeting.

Cllr Bradley summarised the opportunity presented by a devolution deal for attracting more funding to the region and increasing powers for local decision-making tailored to local circumstances. He referred to the importance of having a clear business voice throughout to provide input to shape the process. Board saw a slide presentation accompanying the presentation.

Adrian Smith informed Board that the results of the public consultation into devolution would be made public on Friday, 10 March, 2023. Work was continuing in the background to put in place transitional arrangements for a shadow combined authority to commence once legislation had been passed in June/July, 2023.

A LEP transition plan would be developed to enable the LEP to join the new organisational structure, with a working group set up by Nicki Jenkins and co-sponsored by Will Morlidge now in place in order to produce a completed LEP transition plan for submission to Government alongside full proposal documentation at the end of Spring, 2023.

Initial activity for the working group was focusing on understanding the functions, roles and assets of the LEP and how these would fit into the CA. Guidance on Boards was not prescriptive. Options could include retaining the LEP Board as a sub-Board of the CA or creating a new Business Board or number of Boards. The views of Board members were sought on development of the integration plan and how to ensure a strong business voice within the new CA.

PUBLIC

David Williams thanked Cllr Bradley and the officers for the summary points and welcomed the positive approach in respect of transition over to the CA for the LEP staff. He sought clarification as to the intended nature of the 'voice' of business within the process, as well as that of HE/FE, referring specifically to whether it would be advisory or have decision-making power.

Cllr Bradley replied that Government's expectation for the accountable person (Mayor) would be that they were genuinely accounting for the views of local people, including the business community.

Cllr Poulter added that the governance structure for the new CA would be in the form of a Mayor plus cabinet, of which 8 member places would be for local authority representatives together with a further 8 places, the make-up of which had yet to be decided. This region had the advantage in the design stage of looking at existing models of CA already in operation elsewhere in the country.

David Williams highlighted Elizabeth Fagan's reference to the Tees Valley model as a useful guide for the East Midlands.

Prof Edward Peck acknowledged the need for a business board voice, but indicated that the universities would not necessarily look to be represented on such a board, seeking rather to be engaged with the new MCA in their own right. He also expressed the view that insufficient detail was currently available to D2N2 Board to enable it currently to make informed decisions on exactly how to be involved going forward. Form should therefore follow function once this was more clearly defined.

Natasha Johnson likewise raised the question of how the proposed changes would impact on the voluntary sector.

Cllr Mellen echoed the wish to retain the experience and expertise within the LEP but at the same time signalled the need to be mindful of concerns raised in consultation responses that additional funding should be spent on improving the local economy not supporting a big administration around the Mayor.

Adrian Smith summarised the structure for setting up the MCA as a prescriptive requirement in respect of the mayoral cabinet, with flexibility around that for potentially a range of boards feeding in the voices of business, colleagues in the skills sector and possibly another for the voluntary and community sector.

In terms of detail on which to base decisions, Will Morlidge pointed to the need to clarify the role of the shadow authority, ie would this be focusing on strategy and/or delivery? The latter would need to factor in Growth Hub and Careers Hubs if so. Until the answer to that was confirmed, transition planning would be difficult. WM thanked local authority colleagues for being as inclusive as possible during this transitional period.

PUBLIC

Scott Knowles raised a practical issue for the transition working group to take on board, namely the need for contact with East Midlands Chamber HR as current employer of LEP staff to deal with TUPE arrangements.

Cllr Bradley thanked the Board for sharing its views. He summarised his take-away points for further work as:

- Important practical implications on the transfer of staffing from the LEP
- Consideration of exactly what functions of the LEP should be transferred over
- Create board(s) to give genuine opportunity to shape policy and influence decision-making and strategy. Specifically on this point, such board(s) should be fit for purpose and agile, not mired in standard local-authority style processes.

David Williams highlighted other matters within the Chair's written report, notably good news on a successful Annual Performance Review for the LEP and funding for Made Smarter for the coming year, with 2 roles around digital skills in business confirmed with East Midlands Chamber as a result.

Under People and Skills Advisory Board, Prof Peck referred to new policy developments emerging around degree apprenticeships and work to understand why low numbers actually complete these. Details of the lifelong loan entitlement had been published by Government on 7 March, giving a model for L4/5 technical provision.

Board **NOTED** the report.

## **2.2 Capital Programme Report**

Sarah Wainwright introduced her report summarising the meeting of the Investment Board on 1 February, 2023 and referred to the detailed notes therein.

£2.6m had been de-allocated from the Drakelow project through Getting Building Fund and GPF. Subject to BEIS' approval, this would be reallocated to GBF projects meeting the necessary criteria before 31 March, 2023 and otherwise to projects under a second round of the successful Low Carbon Fund.

Board **NOTED** the report and endorsed the decisions of the Investment Board.

### **2.2a EXEMPT ITEM Capital Programme update: Early-Stage Angel Investment Fund**

Sarah Wainwright introduced an exempt report on the Early-Stage Angel Investment Fund and GPF.

PUBLIC

Board **NOTED** the report and the contents provided.

### **2.3 Future Funding and LEP Finance**

WM introduced a report updating Board on the 2023/24 funding settlement from Government and its implications.

Core funding had been cut to £250k, half the allocation from 2 years ago. He drew attention to work under way to review core costs, with savings on contracts of £10k having been identified, together with a recruitment freeze on any further posts.

David Williams noted that the biggest increase in costs had come from staffing and tax. The staffing figures were explained by the fact that some posts had not been filled for the whole of the present 12-month period but had been projected forward for the full year.

Board **NOTED** the report.

No discussion took place and no confirmation was provided by local authorities for the requested match funding.

### **2.4 Future of the Growth Hub**

Will Morlidge introduced a second funding report, following on from 2.3, in relation to Growth Hub.

He drew Board's attention to the fact that core funding had still to be confirmed and that match funding had not been confirmed from local partners to replace the ERDF that was ending on 31 July, 2023.

WM drew attention to detail within the report confirming that this was a high-performing Growth Hub whose services would be missed. In order not to lose it and to avoid the inevitable reinvention from scratch further down the line, WM asked Members to consider how the LEP should work with LAs, Chamber and others to secure its future. He referred to a proposal for a minimum core service to be funded potentially by D2N2, East Midlands Chamber and also the local authorities, the latter to demonstrate the belief in a local mandate for GH.

Cllr Poulter expressed the view that both business and skills support were major strands of the MCA, but referred to co-ordinating activity across the whole area.

Simon Gladwin on behalf of Amber Valley confirmed that, whilst valuing the work of GH, their competitive procurement processes had to date prevented progress on any funding commitment.

PUBLIC

Board **NOTED** the report and **AGREED** for the LEP to work with EM Chamber on a possible funded solution.

No further update was provided by local authority members on the likelihood of future match from UKSPF.

## **2.5 Chief Executive's Report**

WM introduced his report covering operational matters not covered elsewhere and referred Board to the details therein.

He asked Members to consider and comment on the latest draft of the Strategy and Delivery Plan, attached as item 2.5a, by 31 March, 2023.

WM flagged up that he was asked to prepare a strategy for the LEP organisation, but sought clarification now of whether it should actually instead be one for the region in preparation for the MCA. Clarification would be needed from the shadow authority. This was picked up for further investigation by Nicki Jenkins.

Board's attention was also drawn to data on underinvestment in the region, currently running at more than £1bn.

On prioritisation of LEP work, activity was under way with the senior team identifying must-do/should-do work to go forward, whilst other activity such as Towns Fund boards and officer working groups would no longer be continued. Further detail on this would be brought back to a future Board.

Board **NOTED** the report and the request to comment on the draft Strategy and Delivery Plan by the end of the month.

### **3. AOB**

None.

### **4. Date of next meeting**

Thursday, 8 June, 2023 (venue tbc).



<b>DATE</b>	8 <sup>th</sup> June 2023
<b>REPORT LEAD</b>	Elizabeth Fagan
<b>AGENDA ITEM</b>	2.1

<b>TITLE</b>	Chair's Report
--------------	----------------

## 1. INTRODUCTION

1.1 This report provides an update on UKREiF, Advisory Boards, Low Carbon, Economic Growth Fund and Partner engagement,

## 2. RECOMMENDATION

2.1 The Board is asked to **NOTE** the report

## 3. KEY HIGHLIGHTS

3.1 Key Highlights summary:

- Excellent feedback from UKREiF
- Local Skills Improvement Plan
- Joint work with the Freeport in inward investment
- Proposal for "East Midlands Hydrogen" partnership

## 4. UKREiF 2023

4.1 UKREiF (UK Real Estate Investment and Infrastructure Forum) took place in Leeds between 16 and 18 May. In partnership with Marketing Derby, Invest in Nottingham and Destination Chesterfield, D2N2 hosted a session on the potential benefits of devolution for the private sector.

4.2 Will was joined on the panel by

- Sir Chris Haworth, chair of EM DevCo
- Harworths Group: one of the largest land and property regeneration companies in the UK,
- Whittam Cox: Gedling-based architects
- Scape Group: Nottingham-based public sector procurement specialists
- BWB: Engineering and environmental design consultancy

4.3 The session was deliberately billed as private sector led for a private sector audience, with our pitch asking the question: now that our politicians have delivered the devolution that the region has been asking for, how will the private sector help them to make the most of the opportunity?

4.4 The session was very well attended, with standing room only. Initial feedback on the day was very positive, and the tone has continued to be very upbeat about both the passion of our speakers and the opportunities they outlined. The team are following up a number of leads with potential new investors, and we will keep the Board updated on progress.

4.5 We are keen to have an even greater impact and response next year, and we will be hosting a wrap up session which will also include the team leading the thinking on the potential role of the EMMCCA in driving inward investment.

## 5. PEOPLE AND SKILLS UPDATE

- Meeting date: 18th April 2023
- Chair: Edward Peck
- Next meeting date: 18th July 2023

5.1 Natalie Gasson McKinley updated the Board on the progress of the Local Skills Improvement Plan (LSIP) which was well received by Board members. FSB are on track to submit a draft report to DfE by 31st May in word format only. DfE will feed back by 15th June on any points of clarification with resubmission by 23rd June. Approval from SoS is due by 21st July, with final publication of the LSIP by 28th July on FSB website.

5.2 The draft D2N2 Apprenticeship Review was represented to the Board following further analysis of low achievement rates in D2N2. The recommendations within the review will now be taken forward by a task and finish group comprised of representatives of apprenticeship forums and providers.

5.3 The Board endorsed a proposal to utilise materials developed by the Skills Development Network in conjunction with the Gatsby Institute to raise employer awareness of the skills and education landscape across the D2N2 area. This is particularly relevant given the current low level of awareness of T-Levels among employers.

## 6. BUSINESS AND INNOVATION UPDATE

- Meeting date: 3<sup>rd</sup> May 2023
- Stand-in Chair: Will Morlidge
- Next meeting date: 22<sup>nd</sup> August 2023

6.1 Firstly my very warm thanks go out to Viv Russell for his chairmanship of the group. Viv has been passionate about bringing the business, innovation and skills agendas together, particularly around future skills and decarbonisation. He will be missed now that he has chosen to step down from this role to focus on the exciting challenges that he has set for himself at the Minerals Products Qualifications Authority.

6.2 The BGIAB meeting's first item was on Skills Boot Camps. The discussion brought out a number of new ideas for future rounds of Boot Camps green flood risk management, electric vehicle supply chain and net zero/hydrogen. We also identified a need for more support across both the public and private sectors for procurement, finance and HR skills, and in particular about how those roles can be used to drive social value and net zero thinking.

6.3 Will attended a Freeport meeting on 11<sup>th</sup> May at the newest Freeport site at Space Park Leicester. The meeting was the first of a series with colleagues in Government to begin to scope the inward investment offer of the Freeport. This is in parallel to the work being undertaken by the shadow MCA team to scope out the potential role in inward investment for the MCA, including the identification of Investment Zones, and master-planning by the Development Company which will also seek to identify inward investment partners. We have stressed that while “East Midlands” is going to mean different geographies in different contexts, the region needs to present a single, unified vision and voice to Government and potential investors. I have asked Will to prioritise this work and have offered our support in joining up these various strands of activity.

6.4 Our approach for this quarter will have a strong emphasis on collaboration and engagement with our support offer. As has been said, there is a current and real need for D2N2/East Midlands to present a concise and uniform offer to potential foreign direct investors. Therefore, we will continue to work with universities and colleges, investment promotion agencies, local authorities, the Freeport and Development Company to support the development of such an offer. The work to pull together our presence at UKREiiF has demonstrated what can be done, and we will reach out to bring more partners onboard.

## 7. LOW CARBON

- Meeting date: 22nd March 2023
- Chair: Wayne Bexton
- Next meeting date: 16th June 2023

7.1 Wayne led the key item on work that has been carried out to develop net zero recommendations for the future East Midlands Mayoral Combined County Authority. An officer has been recruited to lead on the Local Area Energy Plan, co funded by the Midlands Net Zero Hub, our Local Authorities and D2N2, which will see the creation of the largest Energy Plan in England, with work underway in 2023.

7.2 The signature of the Devolution Deal has also enabled Wayne and colleagues to secure £9m retrofit activity by cities, districts and boroughs across the region. I’m delighted to confirm that a further £2m was secured for the new green skills facility in partnership with Vision West Notts College and Bolsover District Council, which D2N2 co-funded through our Low Carbon Growth Fund.

7.3 Our Hydrogen Task Force is becoming an increasingly important and impactful forum. With many thanks to Tim and colleagues, Toyota Manufacturing UK has agreed to host the launch on 22 September of “East Midlands Hydrogen”. This is a partnership that was formed as a direct result of the Task Force, and is led by D2N2, Cadent, Uniper, Midlands Engine and Midlands Net Zero Hub. The event will launch a new prospectus and combined approach in our region to shape the hydrogen economy. We will focus on key issues of generation, storage of hydrogen, its adoption for business and transport and the skills supply needed to enable the sector to grow.

7.4 We have invited the Freeport to be part of the group and to lead an item at the event on their plans for hydrogen skills. The Freeport has recently recruited an officer to lead on low carbon, which has increased their capacity to engage with the wider region on issues around net zero. As mentioned in paragraph 5.4, engagement with the Freeport on this agenda will be crucial to the region presenting a clear, shared offer to investors and other external partners.

7.5 We are not focusing on innovation, which is already ably led across the Midlands by the HyDEX programme, on whose steering group Will represents the East Midlands LEPs. We will of course use the opportunity to showcase the project we are co-funding with South Derbyshire District Council to trial hybrid hydrogen/diesel refuse lorries in the local area.

7.6 Invitations will follow to D2N2 Board members, our Low Carbon and Hydrogen groups, MPs, council leaders, business leaders and HE and FE. We are also planning to invite the Energy Secretary as the keynote.

## **8. ECONOMIC GROWTH FUND**

8.1 As discussed in March, I'm delighted that we've been able to launch our Economic Growth Fund. This programme uses the £2.6m which we were unable to allocate to the Drakelow project. The key outcomes for the programme are housing, jobs and/or learners. The closing date is in June, and we will give an update at the next Board.

8.2 There has been considerable interest in the fund from the public sector, private partners and higher education and I anticipate that the scheme will be heavily oversubscribed. If there are credible projects that we cannot fund, we will ensure they are fed into the work being undertaken by our Local Authorities, supported by D2N2's Tom Goshawk, to build a capital pipeline for the incoming EMMCCA.

## **9. PARTNER ENGAGEMENT**

9.1 I have undertaken a large number of engagements since the last Board. I was delighted to be invited to discuss the LSIP and Devolution with Mandie and her FE principal colleagues recently and, given the hugely important changes in skills policy and funding that are taking place, I hope this will become a fixture in my diary.

9.2 Unfortunately recent meetings with MPs had to be rearranged due to Westminster commitments. Revised dates are going in the diary. We are looking to set up meetings with the district leaders following the recent local elections. I would like to take this opportunity to thank district representatives who are stepping down, particularly Cllr Robinson who served for 4 years and has been a significant player in progressing our delivery plans during his time on the Board. Board representation of districts will change, and we are asking the districts to nominate their new representatives.

**Elizabeth Fagan**  
**8<sup>th</sup> June 2023**

## D2N2 LOCAL ENTERPRISE PARTNERSHIP BOARD REPORT

<b>DATE:</b>	8 <sup>th</sup> June 2023
<b>REPORT LEAD:</b>	Tom Goshawk
<b>AGENDA ITEM:</b>	2.2

<b>TITLE:</b>	Capital Programme Report
---------------	--------------------------

### 1 Introduction

This paper gives an update for the D2N2 Capital Programme and the recently launched Economic Growth Fund.

### 2 Recommendation

The Board are recommended to **NOTE** the report and the contents provided.

### 3 Economic Growth Fund

#### 3.1 Background to the Fund

Following the deallocation of funds from the Drakelow Park Getting Building Fund project, the LEP has created a new fund to utilise the unspent allocation of £2.6m. This funding will help to continue the delivery of our Recovery and Growth Strategy and should comply with National Government policy.

The LEP has a £2.6m grant fund available to deliver on key strategic capital investments across the region. All projects must involve capital expenditure which delivers an end asset related to the generation of Jobs, Homes and or Learners, no revenue submissions will be accepted to this funding round. All funding asks are capped at a minimum investment value of £500k from D2N2 funding and a maximum value of £2.6m. All applications must demonstrate value for money from the project and align to the principles of the HM Treasury Green Book.

#### 3.2 Fund principles

Strategic alignment:

- Align with the core principles of D2N2 Strategy
- Show a need for external intervention for funding
- Projects require capital and not revenue funding.
- Comply with Subsidy Control measures.

Impact:

- Demonstrate supporting economic growth to the D2N2 economy through the delivery of Jobs, Homes and Learners
- Deliver Value for Money from the D2N2 investment.

Conditions of the Fund:

- A demonstration of match funding towards any project of up to 50%
- Projects must be able to start delivery in the 2023/24 Financial Year
- Only 1 project to be submitted by each organisation. Further projects will not be scored and the organisation is required to indicate that they have agreed to prioritise the submitted project.

### **3.3 Timelines for the call**

- Expression of Interest documentation publicised, and consultation period opened – 18<sup>th</sup> May 2023
- Consultation for project sponsors closes – 9<sup>th</sup> June 2023
- Submission deadline – 23<sup>rd</sup> June 2023
- Scoring Process Finalised – 7<sup>th</sup> July 2023
- Projects Informed of outcomes – 12<sup>th</sup> July 2023

### **3.4 Approval Process**

The Investment Board will be presented the assessed Expressions of Interest from LEP partners who submit to the funding round. We anticipate this to take place in July 2023 and the Investment Board will be required to agree to all projects before any funding is released.

The LEP Board will be required to give a final sign off to the project(s) selected and this may be requested via written procedures should the meeting timescales not align with the Investment Board.

### **3.5 Interest in the fund**

The LEP team has received significant interest in the fund since its launch on the 18<sup>th</sup> of May. Contact has been made through the consultation process from multiple organisations in both the public and private sector to gauge their eligibility within the funding criteria.

As a result of this and the size of the fund we are expecting the level of funding requested to be well over the amount of funding available. We will report back on the level of interest at future meetings and keep the details of projects that may not be successful in this specific round for future reference.

**Tom Goshawk**  
**8<sup>th</sup> June 2023**

# PUBLIC



<b>DATE</b>	8th June 2023
<b>REPORT LEAD</b>	Sarah Wainwright
<b>AGENDA ITEM</b>	2.3

<b>TITLE</b>	Finance Update Report
--------------	-----------------------

## 1. INTRODUCTION

1.1 The 22/23 accounts have been prepared by the accountable body but work by HSKS has yet to start, therefore the figures presented are the draft figures for 22/23.

1.2 Summary of income and expenditure for final position for 2022/23 for the main LEP budgets

1.3 Government funding has now been confirmed and the LEP is required to submit its 2023-24 budget.

## 2. RECOMMENDATION

2.1 The Board is asked to **NOTE** the report

## 3. DRAFT 22/23 ACCOUNTS

3.1 Work on the final accounts by the accountable body is ongoing, all journals have been posted and work on the notes to the accounts will take place over the next few weeks. The auditors HSKS Audit Limited will begin their work in the next few months. The accounts will be presented to the Board and AGM later in the year with the deadline to file the accounts with Companies House being 31 December, 2023.

3.2 Overall reserves have reduced by £8.24m which is mainly accounted for by the spending on the Low Carbon Growth Fund and the NAMRC draw down from the Growing Places fund.

PUBLIC



<b>Financial Summary 2022/23</b>		
<b>Income</b>	<b>2021/22</b>	<b>2022/23</b>
Low Carbon Growth Fund		
Getting Building Fund	£43,237,724	£253,451
Growth Hub	£988,407	£350,000
Digital Bootcamp	£960,971	£3,353,147
Key Account Management	£50,000	£55,000
Made Smarter programme		£33,638
Smart Manufacturing Data Hub		£25,776
Youth Futures Foundation		£61,320
Energy Strategy		
Skills Analysis Panels	£75,000	£71,606
Careers and Enterprise	£601,194	£541,310
HS2 Toton		
HS2 Growth Strategy		
Growing Places Fund-Capital		
Growing Places Fund-Revenue	£29,001	£76,767
Core Funding	£984,180	£1,195,594
Enterprise Zones	£280,358	£156,457
<b>Total Income</b>	<b>£ 47,206,835</b>	<b>£ 6,174,065</b>
<b>Expenditure</b>	<b>2021/22</b>	<b>2022/23</b>
Low Carbon Growth Fund		£1,984,150
Getting Building Fund	£38,187,724	£5,303,451
Growth Hub	£988,598	£350,000
Digital Bootcamp	£960,971	£2,377,773
Key Account Management	£46,468	£55,000
Made Smarter programme		£50,458
Smart Manufacturing Data Hub		£25,776
Youth Futures Foundation		£61,920
Energy Strategy	£12,500	
Skills Analysis Panels	£82,732	£77,223
Careers and Enterprise	£505,474	£567,948
HS2 Toton	£78,079	£219,411
HS2 Growth Strategy	£13,076	£78,000
Growing Places Fund-Capital	£5,000,000	£2,200,000
Growing Places Fund-Revenue	£10,840	£53,511
Core Funding	£1,053,476	£1,009,020
Enterprise Zones		
<b>Total Expenditure</b>	<b>£ 46,939,939</b>	<b>£ 14,413,641</b>
<b>Year end closing balance</b>	<b>2021/22</b>	<b>2022/23</b>
Low Carbon Growth fund	£6,500,000	£4,515,850
Getting Building Fund	£7,406,367	£0
Growth Hub	-£20,975	£0
Digital Bootcamp		£975,374
Key Account Management	£2,423	£2,423
Resource funding	£113	£0
Energy Strategy	£787	£787
Skills Analysis Panels	£0	£0
Careers and Enterprise	£185,258	£165,651
HS2 Toton	£775,813	£556,402
HS2 Growth Strategy	£108,329	£30,329
Growing Places Fund-Capital	£8,363,415	£9,341,652
Growing Places Fund-Revenue	£804,431	£827,688
Core Funding	£764,928	£961,320
Enterprise Zones	£675,231	£0
General Reserve	£591,403	£540,473
	<b>£ 26,157,523.29</b>	<b>£ 17,917,949.11</b>



PUBLIC



2022-23 Final Position-Detailed Budgets	Core funding	Year End	Notes	Skills Advisory	Year End	Key Account	Actuals to date
	Budget	Position		Panels (SAP)	Position	Management (KAM)	
	£			£		£	
<b>Income</b>							
Dept of Levelling Up, Housing and Communities	375,000	375,000					
LA Match	187,500	187,500					
Department of Education	100,000	133,621		55,000	55,000		
Department of International Trade	2,000	15,280				39,703	55000
Interest	50,000	468,854	Interest Rates higher than expected during the year with large balances still retained in the bank				
Other		15,339					
					16,606		
	714,500	1,195,594		55,000	71,606	39,703	55,000
<b>Expenditure</b>							
Rents	68,013	68,456					
Pay costs	608,247	576,148	Costs lower than expected due to vacancies carried during the year	40,264	40,113	39,453	54,644
IT/Website	10,000	22,533	Costs higher than expected due to work on the website				
Mobiles	2,500	4,403	6 new handsets purchased during the year	250	235	250	236
Postage and Stationary	5,000	3,027					
Publicity	5,000	5,835					120
Travel and general allowances	5,000	7,382					
Room hire and catering	2,500	2,250					
Insurance	8,000	10,626	all insurance has increased in costs				
Training	2,000	872					
LEP Network	8,652	8,400					
Midlands Engine	24,000	18,000					
Consultancy/Professional	60,000	68,382	Data analyst and Low Carbon programme manager. Some costs recharged to KAM budget	14,486	6,034		
Conference expenses	5,000	6,938					
Audit fee	10,000	9,780					
Corporation tax	9,500	89,188	Higher due to increased income from interest rates				
SLA		106,800	Costs no longer recouped from capital programme grants, however some were from the				
Other					30,840		
	833,412	1,009,020		55,000	77,223	39,703	55,000
2022/23 Surplus/ (Deficit)	( 118,912 )	186,574		( 0 )	( 5,617 )	-	( 0 )

**4. 2023/24 BUDGET**

4.1 The Department of Levelling Up, Housing and Communities has confirmed £250,000 will be made available as Core Funding in 2023/24. They require the LEP to complete an application form which shows the 23/24 budget. This is required to be submitted by the 26th May 2023. Below is the proposed budget:

	Budget £
<b>Staffing</b>	
<b>Core staffing</b>	
Salary	612,342
NI	68,185
Pension	48,987
other expense (DIS & Westfield)	3,452
<b>Total staffing</b>	<b>732,966</b>
<b>Other costs</b>	
Stationery/post/photocopier	5,250.00
Room hire/catering	4,000.00
Website/software/IT equip	10,500.00
General marketing LEP	5,250.00
General expenses/travel	5,250.00
Mobiles	2,625.00
Training	2,100.00
Premises Rent/services purchased	71,413.65
Events D2N2	5,250.00
LEP incorporation	75,000.00
Midlands Engine	18,000.00
LEP Network	4,200.00
Other projects/Consultants	63,000.00
SLA cost	114,406
<b>Total other costs</b>	<b>386,244</b>
<b>TOTAL EXPENDITURE</b>	<b>1,119,210</b>
DLUHC	(250,000)
LA funding	(125,000)
KAM income	(5,000)
Bootcamp income	(150,000)
Smart Manufacturing income	(10,000)
EU Funding	(2,000)
Youth Futures income	(43,190)
bank interest	(200,000)
<b>TOTAL INCOME</b>	<b>(785,190)</b>
<b>OVERSPEND/(UNDERSPEND)</b>	<b>334,020</b>
Balance in reserve	(961,320)

4.2 Whilst this is setting a deficit budget, there is a balance of £961,320 in reserve which will cover this.

## PUBLIC



4.3 Salary budgets have been set on 12.7FTE of staff, several of whose costs are covered by grants received for example through Skills Bootcamp, which is shown in the Income section.

4.4 Most budgets have been increased by 5% from 22-23 with the exception of LEP Integration, to take into account the corporation tax expected on the bank interest which has increased to 25% and also the anticipated increase in insurance, room hire/catering for away days and included is the cost of the SLA. However, some of this cost is recouped from the Skills Bootcamp grant.

**Sarah Wainwright**  
**8<sup>th</sup> June 2023**

<b>DATE</b>	8th June 2023
<b>REPORT LEAD</b>	Natasha Johnson
<b>AGENDA ITEM</b>	2.4

<b>TITLE</b>	D2N2's role in inclusion
--------------	--------------------------

**1. INTRODUCTION**

1.1 This report seeks the Board's views on if and how the LEP should engage on the inclusion agenda, both in its own right and in seeking to shape the inclusion approach the proposed EMMCCA.

**2. RECOMMENDATION**

2.2 The Board is asked to **DISCUSS** the issues in section 4.

**3. BACKGROUND**

3.1 Until the previous Voluntary Sector lead on the Board Michele Farmer resigned, I understand that the chairs of the Place, Business and People and Skills advisory boards met on an ad hoc basis with the LEP Chair and CEO to set direction and review progress on social inclusion.

3.2 Because Michele's departure coincided with the ending of new European Structural Investment Funds, and with Government choosing to route capital funds through local authorities rather than LEPs, our role in influencing where funding for inclusion is directed has been significantly reduced. The LEP current has no funding specifically for inclusion issues. Nonetheless, our strategy includes the following objectives:

- Support the biggest turnaround in social mobility in the country.
- Make D2N2 the best-connected region, enabling people and businesses in rural and urban settings to reduce unnecessary travel and haulage and, when we do travel, to have access to quicker and more reliable low carbon options.
- Use our economic and skills investments in our cities, towns, rural areas and growth corridors to promote improvements in quality of life for residents, workers and visitors.

3.3 This does not mean we are inactive on the inclusion agenda. Section 4 of the draft Delivery Plan includes the following actions:

- a) Ensure that pupils and students with Special Educational Needs and/or Disabilities are given equity of support in their aspirations for their life post-education.
- b) Work with partners across the skills and employment systems to tackle enduring barriers to work for those furthest from the workforce.

- c) Use our funding programmes, including the Growth Hub, to promote equality of access to funding and support for entrepreneurs and business owners from underrepresented groups.
- d) Champion the needs of businesses in all parts of the region, including that the voice of rural businesses is given due regard in the development of LEP and other regional programmes.

3.4 There are, of course, other parts of our work that have an inclusion element, such as our skills and employment programmes, the work of the Careers Hub and the ongoing work to develop a digital strategy for the region.

3.5 I have included as an annex the “Inclusion Framework” previously agreed by the Board, against which our decisions should be tested.

#### **4. DISCUSSION POINTS**

4.1 I would like the Board to consider if the programme of work in paragraph 3.3 and 3.4 is sufficient. Is there more that D2N2 could and should be doing to promote inclusion?

4.2 Should we restart the inclusion board to both challenge our own performance and to develop a LEP position on how we feel inclusion should be addressed by the proposed EMMCCA?

4.3 To inform the discussion I will update the Board verbally on analysis I have undertaken of approaches to inclusion being undertaken by other LEPs and Combined Authorities.

**Natasha Johnson**

**8 June 2023**

## D2N2 Inclusion Framework

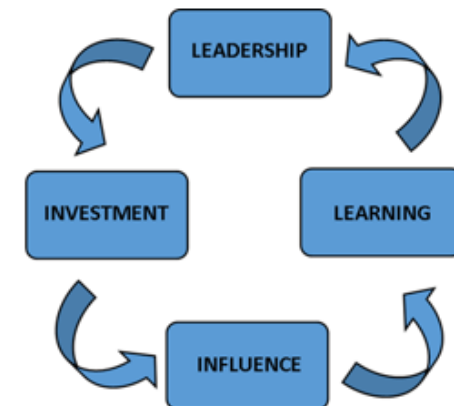
### 1. Inclusion in D2N2: Aim and Ambition

D2N2 LEP takes the issues of social and economic inclusion seriously and as fundamental components of a thriving and vibrant D2N2 economy. In order to ensure the work of the LEP actively promotes inclusion we will seek to:

- Improve our understanding of inclusion and normalise it in our conversations and in all planning, implementation and monitoring activity;
- Take action to ensure more inclusive practice is achieved through our role in commissioning and strategic planning and;
- Influence others on the importance and benefits of inclusion.

D2N2 will employ 4 core strategies:

LEADERSHIP	INVESTMENT
<ul style="list-style-type: none"> <li>• Building understanding of 'good' and inclusive growth</li> <li>• Creating an inclusion 'narrative – normalising the conversation</li> <li>• Embedding inclusion across all strategic planning</li> <li>• Ensuring LEP governance and structure reflects local diversity and need</li> <li>• Focussing on improving Social Mobility</li> </ul>	<ul style="list-style-type: none"> <li>• Taking action to ensure social value is achieved through all commissioning</li> <li>• Investing in activities which support pathways from exclusion to participation and through to inclusion;</li> <li>• Focussing on health, wellbeing, skills and aspiration as routes to inclusion</li> <li>• Holding projects accountable for their inclusion commitments</li> </ul>
INFLUENCE	LEARNING
<ul style="list-style-type: none"> <li>• Working with our stakeholders to create alignment, consistency and added value on inclusion outcomes;</li> <li>• Sharing learning to influence future systems planning;</li> <li>• Championing the inclusive growth agenda</li> </ul>	<ul style="list-style-type: none"> <li>• Improving our understanding of the impact of exclusion in D2N2</li> <li>• Developing measures of success to track progress</li> <li>• Monitoring performance</li> <li>• Reviewing our strategy as a result of performance</li> </ul>



**PUBLIC**



## D2N2 Inclusion Strategy

### 2. Inclusion in D2N2: Enabling Action

In order to achieve our ambitions for a more inclusive D2N2 and local economy we will employ the following strategies:

	Business & Innovation	Infrastructure, Capital Investment & Place
	<ul style="list-style-type: none"> <li>Broaden representation from a wide spectrum of business and business leaders;</li> <li>Build understanding of the business cost of exclusion;</li> <li>Enhance the capacity and knowledge of the Growth Hub to help drive inclusive growth; including promoting the growth of socially-focussed organisations and businesses;</li> <li>Provide tools, resources and specialist links to help businesses improve inclusion performance.</li> </ul>	<ul style="list-style-type: none"> <li>Maximise D2N2s influencing and coordination role in places facing economic disadvantage to address spatial disparities;</li> <li>Refresh, promote and uphold the commitments of the D2N2 Procurement Charter;</li> <li>Maximise the LEPs commissioning power to drive improvements in infrastructure project impact and added value;</li> <li>Earlier strategic engagement on capital projects to enable development of related skills and employment activity;</li> <li>Where we have a role in housing delivery, work to deliver a more balanced housing portfolio</li> </ul>
Success Indicators	<ul style="list-style-type: none"> <li>Increased productivity</li> <li>Reduced sickness and absence levels in target sectors</li> <li>Reduced levels of Economic Inactivity</li> <li>Fewer unfilled vacancies and time taken to fill vacancies</li> </ul>	<ul style="list-style-type: none"> <li>Number of capital projects using Social Value Act outcomes (project by project basis)</li> <li>Skills outcomes resulting from planned capital programmes</li> <li>Travel to work distances</li> <li>Employment / GDHI in deprived districts</li> </ul>
	People & Skills	Leadership, Influence & Governance
	<ul style="list-style-type: none"> <li>Better connect learning and work for those most disadvantaged in the labour market;</li> <li>Expand linkages between employers and schools / employability providers;</li> <li>Actively promote apprenticeships and local skills priority pathways for all;</li> <li>Expand and promote access to vocational training for adults;</li> <li>Enable delivery of activities to reduce the impact of poor health on work and productivity.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure Inclusive Growth is defined and prioritised within core LEP strategy;</li> <li>Embed inclusion champions across all levels of LEP governance;</li> <li>Ensure third sector representation at Board level;</li> <li>Make inclusion outcomes explicit and measurable across all delivery</li> <li>Develop a methodology for assessing inclusion impact to aid decision making and planning</li> <li>Seek and share learning and good practice</li> </ul>
Success Indicators	<ul style="list-style-type: none"> <li>Apprenticeship take-up – including to excluded groups</li> <li>GDHI in disadvantage areas / for disadvantaged groups</li> <li>Improved skills levels in disadvantaged areas / for disadvantaged groups</li> <li>Increased disability employment levels</li> <li>Reduction in ESA claimants</li> </ul>	<ul style="list-style-type: none"> <li>Inclusion analysis incorporated in all strategic planning publications</li> <li>Consistent progress against agreed inclusion indicators</li> </ul>



<b>DATE</b>	8 <sup>th</sup> June 2023
<b>REPORT LEAD</b>	Will Morlidge
<b>AGENDA ITEM</b>	2.6

<b>TITLE</b>	Chief Executive Officer's Report
--------------	----------------------------------

## 1. INTRODUCTION

1.1 This report updates the Board on the issues that are not addressed elsewhere in today's meeting.

## 2. RECOMMENDATION

2.2 The Board is asked to **NOTE** the report.

## 3. KEY HIGHLIGHTS

3.1 Key Highlights summary:

- Strong progress by our Careers Hub
- Increased partnership working between our universities
- Joint work with the Freeport on inward investment

## 4. SKILLS UPDATE

### D2N2 Careers Hub

4.1 Early indications from Spring Term data from the 165 schools belonging to the D2N2 Careers Hub shows a continued pattern of improvement across the board with the elevation in achievements against the eight Gatsby Benchmarks of Good Careers Guidance. Ninety-four per cent of schools in the Careers Hub fully meet at least three out of the eight Gatsby benchmarks.

4.2 Scores on Gatsby Benchmark 1 (which encompasses the work required to develop a robust careers strategy) have risen by 15% over the last term. 74% of schools now fully achieve the benchmark. The Careers Hub is working towards each institution fully achieving five benchmarks by the end of the 2023 academic year.

### D2N2 Connected Futures Project

4.3 A systems mapping workshop was held on 19<sup>th</sup> April 2023 for wider stakeholders to start to map the complexities young people face when navigating the multiple funding streams and influences impacting on their transition into work.

4.4 The D2N2 Connected Futures Board has endorsed a bid for a further £80K of Youth Futures Foundation funding to strengthen Youth Voice through the appointment of Youth Coordinators and Youth Ambassadors.

### Skills Bootcamps

4.5 Providers are starting to deliver on Wave 4 of the Skills Bootcamp contract with DfE and we are continuing to work proactively with providers to maximise achievement of positive outcomes. Green Skills Bootcamps in electric vehicle

maintenance and repair and rail engineering are starting to show strong performance after a slow initial start.

## 5. BUSINESS AND INNOVATION UPDATE

5.1 The LEP has recently supported two bids for Place Based Impact Acceleration Accounts (PB IAAs):

- **East Midlands Emerging Research Growth for MedTech Enterprise (EMERGE)** is led by Nottingham Trent University, focused on developing the local MedTech innovation cluster. It would tackle challenges around cluster fragmentation, growth barriers, and widening health inequalities.
- **Zero Emission Propulsion** is led by the University of Nottingham, aimed at translating research to decarbonise transport. It would support projects around upskilling, early-stage business engagement, and translating mature technologies into the cluster.

5.2 The LEP is also actively engaged with NTU's work on Multi-Actor Research and Knowledge Exchange Teams (MARKETs). Similar to the LEP's convening role, this model of collaborative policy making brings together stakeholders from government, academia, business, and civil society, to develop and test ideas to address specific challenges. This approach is being tested in the context of scoping the feasibility of a Nottingham food network, in response to the cost-of-food crisis. Developments are being tracked both of this specific initiative, and the wider MARKETs approach.

5.3 We also supported an unsuccessful bid from the University of Nottingham for funding to bring the former Carlton Studios back into use. However, we have also been asked by the Creative Industries Council to consider setting up a sector group focused on driving growth in the creative and digital sectors, and we are now working with partners in D2N2 and the wider East Midlands to identify the optimum approach.

5.4 Funding for the Key Account Management Service for FY23.24 has been secured at £57k to include an uplift of £2k compared with FY22/23. The first four meetings during Q1 lean towards a slow, nervous and cautious market caused by the geopolitical situation, fiscal events and hike in energy costs from the previous year. Expectations are more optimistic towards the end of Q2 when the market may begin to stabilise.

5.5 Made Smarter continues to gather pace. To date there have been 87 engagements and 12 grants approved to a value of £0.6m. In addition 10 SMEs in D2N2 are currently signed up to the Smart Manufacturing Data Hub programme and another 6 are in the initial scoping phase. A workshop on understanding energy use in manufacturing workshop takes place 13/6/23 and SMDH will be attending the Manufacturing and Engineering Festival at the NEC 7-8 June.

5.6 The D2N2 Growth Hub has completed its summative assessment for the period 2019-2023, but the papers arrived too late to be included in this quarter's papers.

Instead, we will invite the Growth Hub to present to the next Board on performance, value for money and lessons learnt.

## **6. LOW CARBON**

6.1 On 18<sup>th</sup> May, the Peak Cluster initiative was launched. This is a private sector project led by a number of major lime and cement businesses from Derbyshire and Staffordshire. A key output will be the construction of a new pipeline from Derbyshire to the Irish Sea via Staffordshire and Cheshire. The pipeline will take CO<sub>2</sub> from the region to be sequestered under the Irish Sea. The pipeline will be the single largest component in the decarbonisation of those businesses. We have invited the project team to join our low carbon group to investigate if and how a similar approach could be adopted further east in our region, where the natural outlet is more likely to be the North Sea.

6.2 Following a conversation with Nottingham University Hospitals NHS Trust, we are at the start of a process to work with the numerous businesses in our region specialising in modern methods of construction (MMC). At the moment we have an oversupply of MMC housebuilders compared to the planning permissions for modular homes, and the conversation we intend to lead is about the MMC businesses potentially modifying their offer to provide construction services to the NHS as part of the £1.2bn plan to modernise the two Nottingham Hospitals.

6.3 I will be attending the launch of Midlands Nuclear in Westminster on 21st June. Midlands Nuclear is an initiative by Midlands Engine to put the region on the map with government and investors. I will report back to the Low Carbon Growth Group on how we can support and benefit.

## **7 DEVOLUTION**

7.1 LEP team members are now actively engaged in a number of devolution working groups including the programme board and the subgroups on housing/land, skills, business/investment, stakeholder engagement and insight/analysis. All senior team members now have a specific objective on supporting devolution and are offering around a day of week in support to the shadow MCA team.

7.2 The Business and Investment group which the LEP has been proposing for some months is now active, under the excellent chairing of Joelle Davies of Nottinghamshire County Council. Subgroups are being established to focus on the potential role of the EMMCCA on: trade and investment; place shaping and marketing; sector growth; innovation; visitor economy; and business support, and I'm pleased to say that D2N2 is invited to all subgroups.

7.3 The upper tier LAs are leading the discussion on the potential sites for an Investment Zone. Because discussions with landowners are at different stages and at different levels of sensitivity, and because negotiations with Government are at an early stage, it is not yet the right time to discuss IZs in detail. However, in line with paragraph 5.4 of the Chair's report, it will be crucial to consider IZs as part of the

wider offer from the region alongside the Freeport, our Enterprise Zones and other support and incentive schemes.

## 8 ECONOMIC UPDATE

8.1 CPI inflation reached 10.2% in the first quarter of 2023 but is expected to fall sharply from April due to lower energy prices and government measures. UK GDP growth is likely to be stronger than previously indicated due to improved global growth, lower energy prices, fiscal support, and lower precautionary saving by households.

8.2 Locally, the labour market remains tight despite the rise in the number of unemployment benefit claimants and the fall in the number of available jobs over the last quarter. There were 49,170 claimants in March 2023, which represents a 4.8% decrease from March 2022. Although the number of unemployment and work-related benefit claims remains below last year's level, the reduction in claims has been slower than nationally. The number of job vacancies (64,900) has decreased by 17.6% in D2N2 over the last year compared to 7.7% decline across the UK over the same period. The number of business closures (liquidated or dissolved companies) have declined over the last quarter which is an indication of business resilience in the region.

8.3 The cost-of-living crisis shows no signs of relief as the growth in wages does not keep up with inflation. The National Institute of Economic and Social Research estimates that the poorest households are around £4,000 per year worse off as a result of the pandemic and the cost-of-living crisis. In D2N2, the most recent estimates of real pay suggest a decline in median earnings of at least 2.6% compared to last year.

8.4 A more detailed analysis of local data sources is available on the [D2N2 Data Centre](#).

## 9 STAFFING UPDATE

9.1 We were joined in May by Emma Arberry. Emma is the new Enterprise Coordinator for North Notts, replacing Venita who has returned to a job in higher education.

**Will Morlidge**  
**8th June 2023**