

D2N2 LOCAL ENTERPRISE PARTNERSHIP BOARD – AGENDA

Date: 7 December, 2023

Venue: TMUK, Burnaston DE1 9TA in person and via Teams link as required

1.1	Welcome and Introductions	Elizabeth Fagan	Verbal	0930
1.2	Declarations of Interest	Elizabeth Fagan	Verbal	0933
1.3	Minutes from 31/08/23 and matters arising	Elizabeth Fagan	Paper for decision	0935
2.	Strategic discussion			
2.1	Accounts 2022/23 <ul style="list-style-type: none"> • Report from our auditors • Advice from our finance lead • Recommendation by the Chair 	Will Morlidge	Paper for decision	0940
2.2	Chair's report Key items: <ul style="list-style-type: none"> • Devolution • People and Skills • Business Growth and Innovation • Low Carbon 	Elizabeth Fagan	Paper for discussion	1010
2.3	D2N2's role in inclusion <ul style="list-style-type: none"> • Reviving and updating the Inclusion Group • Current and potential priorities • Preparing for devolution 	Natasha Johnson	Paper and presentation for discussion	1040
2.4	Capital Programme update EXEMPT <ul style="list-style-type: none"> • Low Carbon Growth Fund • Economic Growth Fund • Early-Stage Angel Investment Fund 	Tom Goshawk	Paper for decision	1100
2.5	CEO's report Key items not covered elsewhere: <ul style="list-style-type: none"> • External Affairs • Team and corporate 	Will Morlidge	Paper for information	1120
3.	AOB	All	Verbal	1125
4.	Date of next meeting: Thursday 7 March, 2024			
5	Close at 1130 to enable a break before the AGM			

PUBLIC



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Item 1.3: DRAFT Key Decision/Action Points from Board

D2N2 LOCAL ENTERPRISE PARTNERSHIP BOARD MEETING

Thursday 31 August 2023

Pavilion Building, Nottingham Trent University, NG11 8NS (and via MS Teams)

Present and Apologies

Chair Elizabeth Fagan CBE
Minutes Sally Hallam

D2N2 Board Members in Attendance

Graham Cartledge CBE	Chairman, Handley House Ltd
Dr Glenn Crocker MBE	Executive Director, The Pioneer Group
Cllr Chris Emmas-Williams	Leader, Amber Valley Borough Council
Tim Freeman	Deputy MD, Toyota UK
Cllr Keith Girling	Portfolio Holder, Nottinghamshire County Council
Natasha Johnson	Director of Partnerships, Global Entrepreneurs UK
Prof Edward Peck CBE	VC and President, Nottm Trent University
Cllr Matt Relf	Portfolio Holder, Ashfield District Council
Cllr Carolyn Renwick	Portfolio Holder, Derbyshire County Council
Becky Rix	Marketing Director, Roadgas
Viv Russell	CEO, Minerals Products Qualifications Council
Cllr Baggy Shanker	Leader, Derby City Council
Mandie Stravino OBE	CEO, Derby College Group
Tony Tinley	Regional Officer, Unite the Union
Liz Wigley	Area Lead Derby/Derbys, DBT
David Williams MBE	Chair, Geldards, Deputy Chair D2N2

Apologies from Board Members

James Brand	MD, United Cast Bar Ltd
Scott Knowles	CEO, East Midlands Chamber
Cllr David Mellen	Leader, Nottingham City Council

Also in attendance

Katrina Crookdake	Area Lead Nottingham/Notts, DBT
Joelle Davies	Group Manager, Nottinghamshire County Council
Simon Gladwin	Exec Director Operations, Amber Valley BC
Chris Henning	Exec Director Place, Derbyshire County Council
Mark Rogers	Interim Chief Officer (Devolution)
Sarah Wainwright	Senior Finance Officer, Derbyshire County Council

D2N2 Officer Support

Tom Goshawk
Will Morlidge
Nicola Swaney
Maureen Vieyra

1.1 Welcome and Introductions

The Chair welcomed all to the meeting and extended an individual welcome in particular to new Board members joining today for the first time.

1.2 Declarations of interest

Viv Russell declared an interest in the exempt business under item 2.6 and took no part in the discussion.

1.3 Minutes of last meeting and matters arising

The Minutes of the meeting on 8 June, 2023 were confirmed as a true record and matters arising were covered elsewhere on the agenda.

2. Strategic Discussion Items

2.1 D2N2 Chair's Report

Elizabeth Fagan introduced the Chair's Report updating Members on significant developments since the last meeting and drew Members' attention to the detailed notes therein.

She drew attention to the selection by the Labour Party since the last Board meeting of their Mayoral candidate, Claire Ward. As the Independent and potential Conservative candidates were already well-known to the LEP, for completeness and balance, Elizabeth reported that she would be meeting Claire later in the day after this meeting.

The Chair drew attention to confirmation that had been given at the meeting on 4 August of no further Government funding for the LEP beyond next year. Although D2N2 was in a much stronger position than many due to previously reported sound financial management, there was still a lack of clarity on the future for LEPs generally. A discussion and decision on the future direction for D2N2 would be considered in more detail under item 2.4.

EF re-stated the Board position on backing devolution in principle, reiterating that business was behind a strong Mayor to get investment for this part of the country. The LEP would have a role to play within this, in support for skills, innovation etc and would work to continue to ensure this happened as the transition took place. David Williams echoed the comments on the LEP's ongoing role, adding that the LEP and any successor advisory board to the Mayor should lobby for financial devolution from central government for this region and should be involved in supporting decisions as to where and how funds were best spent.

Will Morlidge provided a short summary update from East Midlands Chamber (EMC) on behalf of Scott Knowles who was not able to attend the meeting. EMC had been asked to work with Derbyshire County Council on business engagement, hosting 4 business breakfast roundtables for different business sectors. There was a consensus over the positive nature of proposed devolution, tempered by realism that

it would not be a panacea for all issues. Specific interest was noted in how the new system might be more responsive to the skills needs of local business.

Chris Henning gave a short progress update, confirming that key posts to the interim programme team had been filled over the summer, headed up by Mark Rogers who had joined the meeting as an observer.

The Chair also highlighted the excellent work of the Careers Hub as detailed under paragraph 5.1. Prof Peck reported that conversations were taking place around the Local Investment Fund on local skills provision, including levels 4 and 5. WM informed Board that the Careers and Enterprise Company (partner organisation to the LEP) had been asked to research what Ofsted was noting about the impact of the Careers Hub programme.

Elizabeth Fagan also thanked Viv Russell for his work chairing the Business Growth and Innovation Advisory Board, as he handed now to incoming AB Chair, Tim Freeman.

Nicola Swaney was invited to update briefly on arrangements for the upcoming launch event for East Midlands Hydrogen on 22 September. To date there had been a good mix of business representatives, supply chain, universities and politicians signing up, with numbers at 180 confirmed so far. Speakers were being finalised, and we noted that the change in Energy Secretary, which was announced on the day of the Board, might make it more difficult to secure ministerial attendance.

Board **NOTED** the report.

2.2 Funding Programme Updates

Tom Goshawk introduced his report updating Members on the D2N2 Funding Programmes, namely Early-Stage Angel Investment Fund (ESAIF) and Low Carbon Growth Fund and referred members to detailed notes within the report.

The procurement contract for ESAIF was out to tender, with responses due by 11 September and due diligence to follow thereafter. He reported that it was difficult to attract suitable applicants, although the Access to Finance Group is helpful in directing engagement with the right businesses.

As expected, further discussions with bidders are required on some of the Low Carbon Fund projects, given the innovative nature of the projects. In response to a question from Elizabeth, TG confirmed that the listed programmes would go on to be approved, since all met the criteria.

Sarah Wainwright confirmed that written procedures would be used for this Board to approve the Low Carbon Fund projects following September's Investment Board, due to the length of time until the next Board in early December.

Board **NOTED** the report.

2.3 Finance Update Report

Sarah Wainwright introduced her report updating Board with a summary of income and expenditure for the final position of LEP budgets for 2023/24 as detailed.

Last year's accounts were being worked on with HSKS Greenhalgh for approval and sign-off at the December AGM. An audit would be taking place in September.

Board **NOTED** the report.

2.4 Future LEP Funding and Remit

Will Morlidge introduced his report outlining 3 potential scenarios for the future role, shape and purpose of the LEP before inviting discussion from Board members to set a clear direction going forward.

Option A to continue as is until the end of FY 25/26 at the latest would give most flexibility in managing residual funds, minimal disruption to functions and staffing and aligned closely with Government policy.

Option B to operate until FY 24/25 before transferring to the MCA or a local authority if no MCA existed was also in alignment with Government policy but would give greater certainty as to end date but poses greater risks for staff but bring Directors more certainty more quickly than option A.

Option C to proceed independently as a consultancy using bank interest to fund core services is not well aligned with recently announced Government policy.

A discussion followed, with a general consensus as to the inevitability of uncertainty until such time as Royal Assent to the Levelling Up and Regeneration Bill is achieved. We hope assent will be granted in early November. A range of views were expressed favouring either the certainty of end date under Option B for Directors to wind up the business sooner with remaining assets or the longer run under Option A providing greater certainty for staff. Professor Peck noted that Option B is, in effect, a subset of Option A and the two are not mutually exclusive. Cllr Girling felt Option B was preferable because we get to clarity and certainly more quickly than Option A. The majority of the Board who expressed a view felt that the flexibility of Option A outweighed the certainty of Option B. Option C was acknowledged not to be viable.

Board **AGREED** by a majority show of hands to support Option A, with the company continuing to the end of FY 25/26 at the latest.

2.5 Chief Executive's Report

Will Morlidge introduced his report updating Members on Devolution Working Groups, UKREiF 2024 and inward investment.

He confirmed that the LEP was fully engaged in sub-groups working behind the scenes on devolution and thanked all local authority senior officers for their engagement.

On UKREiiF and inward investment, WM updated Board on plans for this annual showcase for cities, local authorities and regions to showcase themselves to potential investors. This year's event had been very successful, with the only downside being some duplication and overlaps in events hosted by East Midlands bodies. For 2024, a decision had been made to go as "Team East Midlands". WM informed Board that in addition to Elizabeth, the LEP had secured the Chairs of EM DevCo and Freeport to be speakers and was hopeful that a new Mayor, if in post by then, would also join the line-up. This would demonstrate clear and joined-up thinking in promoting the inward investment message. It also gives the LEP for the first time the mandate to ensure that there is a clear, compelling and agreed vision for the East Midlands on our approach to inward investment.

On Skills Bootcamps, WM spoke briefly in Fiona Baker's absence to the new round of bootcamps which had more flexibility to include, in addition to green and digital training, provision for care training and potentially other local priorities under the Local Skills Improvement Plan, such as health and logistics.

In response to a question from Natasha Johnson about marketing Bootcamps to marginalised communities, WM confirmed that these were currently about retraining people already in the workforce. WM also noted that the procurement work undertaken on D2N2's behalf by Derbyshire County council includes a social value dimension. He recommended a separate conversation between Natasha, Tony Tinley and Fiona Baker to discuss potential future involvement of other communities, and to introduce Natasha and Tony to the detail of the social value clause to test if they feel it is strong enough for our purposes.

Board **NOTED** the report.

ACTION: Fiona to meet with Natasha Johnson and Tony Tinley.

Observer, Mark Rogers exited the meeting at this point.

2.6 EXEMPT Economic Growth Fund

Tom Goshawk spoke to an exempt paper, updating Board members on the Economic Growth Fund pipeline call.

In response to several Board members asking why the parameters for the funding call were so narrow, Sarah Wainright explained that, because the funding is recycled from the Government's Get Building Fund, any allocations must meet the criteria set out by Government. The scoring criteria are around housing and/or job creation and/or increased skills provision, and each scheme must also demonstrate a contribution towards net zero. There is no requirement in this programme for innovation.

Board **NOTED** the report and **APPROVED** one of the three proposed projects (Infinity Park Derby Nuclear Skills Academy) onto the D2N2 Capital Programme, subject to subsequent agreement by the D2N2 Investment Board.

The Board asked the executive to **REVIEW THE ADVICE** on the other two recommended projects to better bring out their additionality. In particular the Board seeks clear evidence that the projects would either not go ahead or would have significantly reduced impacts without D2N2's match funding. The Board also asked for the scoring for projects which were close to being approved to be reviewed on the same basis. The Investment Board would be asked to give their view on which projects should subsequently be returned to the LEP Board for approval.

3. Any Other Business

Natasha Johnson reiterated the importance of progressing the inclusion agenda. Unfortunately, due to work commitments she had been unable to meet with Tony Tinley as had been envisaged following the last Board meeting. Nicola Swaney confirmed that contact had been made with West Midlands colleagues as previously suggested to provide background information on which to build a proposal.

The Chair confirmed that she would be happy to take on recommendations made to a future Board.

Liz Wigley was invited to provide any updates from Government's side. She confirmed that they were monitoring Ministerial changes being announced today and welcomed both the opportunity to continue working with LEP and other stakeholders on the devolution deal and the information given today on sensible contingency planning. More guidance was expected from Government in the near future.

4. Date of Next Meeting

Date of next meeting Thursday, 7 December 2023 (Board followed by AGM) at Toyota Burnaston, Derbyshire.

**D2N2 LOCAL ENTERPRISE PARTNERSHIP
BOARD REPORT**

DATE:	7 December 2023
REPORT LEAD:	Sarah Wainwright
AGENDA ITEM:	2.1

TITLE:	Approval of the 2022/23 D2N2 LEP Accounts
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1 Introduction

This report is to present the draft financial accounts for the year ending 31 March, 2023 for the D2N2 LEP to Board members. The D2N2 LEP became incorporated on 29 March, 2019 following the requirement by Government to become a legal entity from April 2019.

2 Recommendation

Board is asked to discuss and **CONSIDER** the audited financial statements in appendix 1, along with other documentation required by the auditors and **APPROVE** as appropriate.

3 Summary of Report

The company was incorporated on 29 March, 2019 and is limited by guarantee of its members and does not have any share capital. HSKS Greenhalgh were appointed in September 2020 to complete the audited accounts and to ensure the deadline for returns to Companies House and HMRC were met.

The financial accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the requirements of the Companies Act 2006. Following on from this the accounts will be placed before the company at the Annual General Meeting also held on 7 December, 2023.

Draft Financial Statements at 28 November 2023 at 17:25:44

Company registration number 11914012 (England and Wales)

D2N2 LOCAL ENTERPRISE PARTNERSHIP

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

COMPANY INFORMATION

Directors	Mr G S Cartledge CBE Ms E Fagan CBE Mr T C Freeman Cllr D Mellen Mr V G Russell Mr D H Williams MBE Ms R L Rix Mr S Knowles Prof E W Peck Ms M J Stravino OBE Ms V N Johnson Cllr K F Girling Mr A W Tinley Dr G Crocker MBE Cllr B Singh Shanker Cllr MJ Relf Cllr C Renwick Cllr C Emmas-Williams	(Appointed 1 August 2022) (Appointed 12 August 2022) (Appointed 12 September 2022) (Appointed 15 September 2022) (Appointed 14 November 2022) (Appointed 7 December 2022) (Appointed 12 June 2023) (Appointed 10 July 2023) (Appointed 31 July 2023) (Appointed 12 September 2023)
Company number	11914012	
Registered office	8 Experian Way Ng2 Business Park Nottingham NG2 1EP	
Auditor	HSKSG Audit 18 St Christopher's Way Pride Park Derby DE24 8JY	
Business address	Derbyshire County Council County Hall Matlock Derbyshire DE4 2AG	

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 7
Independent auditor's report	
Income statement	8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 29
Detailed trading profit and loss account	30 - 31

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for D2N2 Local Enterprise Partnership ("the Company") for the year ended 31 March 2023.

The Derby, Derbyshire, Nottingham, and Nottinghamshire Local Enterprise Partnership (D2N2 LEP) was established in 2010. It is one of the largest Local Enterprise Partnerships (LEPs) across England.

Our role is to support the economic growth across Derbyshire, Derby, Nottingham, and Nottinghamshire. Steered by a business-led board, we work in partnership to create the conditions to attract additional investment to build a stronger economy and unlock opportunities to create future prosperity for the region.

The D2N2 LEP receives funds from the Government to address regional and national priorities. Once secured, the funding is contracted to a wide range of delivery partners including local authorities, universities, colleges, the voluntary community sector, and private training partners to deliver projects that drive economic prosperity across the region.

Following a review into the governance and transparency known as the Ney Review in October 2017 and the publication of Strengthened Local Enterprise Partnerships in July 2018, Government required all LEPs to adopt a legal entity by April 2019. Government also required each LEP to have a single Accountable Body and following a tendering process, Derbyshire County Council were selected as D2N2's single accountable body.

The Company was incorporated on the 29 March 2019 and is limited by guarantee of its members and does not have any share capital. The Company operates as a not-for-profit entity and receives financial support from the four Upper Tier Authorities in addition to grants from Government.

Delivery

The D2N2 LEP is contracted to manage funding from a range of different sources invested through the LEP to deliver programmes and projects that will regenerate our communities and support our priorities.

The remaining balance of £253,454 of the Getting Building Fund was spent during 2022-23 on the project Springvale Hydrogen following the deallocation of funding for Drakelow that had been committed to this project as at 31 March 2022. After the return of funding towards this project of £5,050,000 to Stoke and Staffordshire LEP the remaining allocation of the Getting Building Fund was returned to the Growing Places Fund from which it was originally allocated.

As well as capital growth activity, the D2N2 LEP has sought to increase the growth and competitiveness of businesses in the D2N2 area. This included the flagship D2N2 Growth Hub and enhanced local services, delivered by local authority partners.

The D2N2 LEP has also continued to play an important leadership role in the skills system. The LEP's Careers Hub is now engaging with over 160 schools across the area and has achieved its best ever results this year against the Gatsby Benchmarks, the careers targets set by Government. We have also been successful in every round of bidding to the Department for Education's Skills Bootcamps process - further supporting career pathways for both adults and young people across the region.

The Local Authorities in the D2N2 area have made a successful bid to Government to develop a Mayoral County Combined Authority for the East Midlands. We are working through with them the potential impact on the LEP Board and executive. No decisions have yet been made and we continue to deliver our business as usual while discussions are ongoing.

As well as capital growth activity, the D2N2 LEP has sought to increase the growth and competitiveness of businesses in the D2N2 area. This included the flagship D2N2 Growth Hub and enhanced local services, delivered by local authority partners.

The D2N2 LEP has also continued to play an important leadership role in the skills system. The LEP was successful in funding to roll out our successful Careers Hub model from North Derbyshire to the whole region. We have also been successful in every round of bidding to and the Department for Education's Skills Bootcamps process - further supporting career pathways for both adults and young people across the region.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

The Local Authorities in the D2N2 area have made a successful bid to Government to develop a Mayoral County Combined Authority for the East Midlands. We are working through with them the potential impact on the LEP Board and executive. No decisions have yet been made and we continue to deliver out business as usual while discussions are ongoing.

Principal risks and uncertainties

The main risks facing the D2N2 LEP and area are our reliance on Government funding and former reliance on European Funding to deliver objectives, and a considerable uncertain local and national political environment.

The government has announced a review into the role of LEPs and subsequently, its decision to cease funding LEP's from April 2024. This has meant we received no new capital funding in 2022/23, although we did previously convert £6.5m of our Growing Places Fund into capital for the Low Carbon Growth Fund to be spent from 2022/23. A total of £1,984,151 was made to projects during 2023/23:

	Grant £
Hydrogen fuelled wate collection	66,141
Smartparc low carbon cooling and heating	1,200,000
Springvale Hydrogen	718,010

The D2N2 Growth Hub has provided transition support to businesses most affected by the decision to leave the EU and the LEP is increasingly providing advice and signposting on the emerging issues around cost of living, fuel and commodity price rises and the war in Ukraine. The LEP will continue to ensure where support gaps emerge, and it will adapt to meet those needs.

Key performance indicators

The Getting Building Fund programme has delivered the following key outputs:

Jobs created	254
Construction jobs created	113
Commercial floor Space created	12,517m ²
New or improved learning/training floor space	2,9330m ²
Number of businesses assisted	707
Number of new learners	1,143

The Local Growth Fund programme which was funded between 2015 and 2021 has delivered the following key outputs:

	Outputs to Date	Overall Target
Jobs	18,962	29,000
Homes	2,980	10,700
Learners	8,234	2,000

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Promoting the success of the company

Governance

The D2N2 LEP has continued to strengthen its overall governance and remains committed to seeking opportunities for continuous improvement across all areas of our work.

The Board comprises six nominated representatives of the Local Authorities alongside up to 12 co-opted Directors from across the private sector which includes one representative each from higher and further education, and one representing inclusion and diversity.

They oversee the operation of the company in the delivery of activities to support economic growth, and the development of economic strategy focused themes: Place; Business Growth and Innovation, and People and Skills.

Each theme has an Advisory Board that reports to the main LEP board and advises on sector-specific strategies and opportunities for growth.

Our structures are continually reviewed to improve and optimise the delivery of our strategies and to ensure we meet all the requirements set out by government in their review of LEPs in 2018 and as we transition towards devolution in the East Midlands

The Local Assurance Framework sets out how the D2N2 LEP will continue the process of ensuring value for money, prioritisation, appraisal, business case development and risk management for its Growth Deal programme. It identifies the roles to be taken by the D2N2 LEP and its constituent Boards, by the Accountable Body and by the promoters of projects. It also sets out the process to be followed in selecting priorities for further Growth Deals or other funding programmes if appropriate.

The company's principal sources of income are Government grants and grants from constituent local authorities.

Current Economic Context

D2N2 benefits from a highly functional economic geography that is advantageously located at the heart of the country. Our economy is the 4th largest outside London and the Southeast. It contributes almost £50bn in GVA to the UK economy; with 16% growth since 2012.

However, the growth has not benefited everyone; there are significant differences in the socio-economic conditions experienced across D2N2's communities and not all our people have the skills and qualifications to share in the benefits of growth. Consequently, our productivity rates continue to lag behind the national average.

The impact on the economy from COVID-19 has had a significant impact on our region, and we will need to adapt and deliver new opportunities to recover and restore economic growth across the whole of D2N2.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Strategy and Collaboration

The D2N2 LEP works with government and local stakeholders to provide regional leadership on the economy. We continue to identify barriers and solutions to growth and work with our partners to improve the regions opportunities for prosperity.

In partnership with the Leicester and Leicestershire LEP (LLEP), the LEP led the successful East Midlands Freeport bid - the UK's only inland Freeport. Based around East Midlands Airport, the proposal has the potential to create 60,000 jobs and deliver over £2bn to the local economy. We also led the strategic business case work that helped to secure more than £20bn investment into UKAEA's new fusion facility in Bassetlaw.

In light of COVID-19 and EU Exit, we revised and consolidated our previous strategies into our Recovery and Growth Strategy (RGS), published in December 2020. The strategy has identified three guiding principles which support specific propositions, that embrace the challenges and opportunities of new technologies and global markets and addresses the issues impeding clean, productive, and inclusive growth across the D2N2 region.

The three key guiding principles are:

- 1. Clean Growth:** Lead the most ambitious carbon turn-around in the country.
- 2. Productivity:** Lead a bold new way of bringing together the education and skills, innovation, and business support systems to support our people and businesses to thrive.
- 3. Connectivity and Inclusion:** Deliver connectivity-led growth to and for all parts of the D2N2 region.

Given significant issues such as the war in Ukraine and the cost of living crisis, the strategy is again under review.

The D2N2 LEP, like all other LEPs, was subject to an Annual Performance Review with Government in January 2023 across three themes, governance, delivery, and strategy. Government re-confirmed for a subsequent year that D2N2 had met all expected requirements across all three themes.

Section 172(1) statement

The Board continues to have regular engagement with stakeholders, both through representing D2N2 in external meetings and engagement and, for several members, as chairs of subgroups which draw members from businesses, public sector employers and the education sector in our region. All Board members have signed a code of conduct and should any escalation be required, our nominations and appointment committee would be asked to review. No such action has been required.

In terms of principle decisions taken by the Board, we continue to be advised by our impartial Investment Board on any issues relating to capital investments. To date all Investment Board recommendations have been agreed by the main LEP Board.

The chair and vice chair have regular meetings (minimum fortnightly) with the Chief Executive and quarterly meetings with the senior leadership team to ensure they can gauge the mood and steer the culture of the organisation.

On behalf of the board

.....
Ms E Fagan CBE
Director

Date:

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of a local enterprise partnership.

Results and dividends

The results for the year are set out on page 8.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J A Brand	(Resigned 7 September 2023)
Ms C J James CBE	(Resigned 31 July 2022)
Mr G S Cartledge CBE	
Mr A Cropley	(Resigned 8 July 2022)
Ms E Fagan CBE	
Mr T C Freeman	
Cllr B Lewis	(Resigned 24 May 2023)
Cllr D Mellen	
Cllr C P Poulter	(Resigned 24 May 2023)
Cllr S J Robinson	(Resigned 7 May 2023)
Mr V G Russell	
Prof S C West CBE	(Resigned 31 July 2022)
Mr D H Williams MBE	
Ms R L Rix	
Cllr K Buttery	(Resigned 4 May 2023)
Mr M L Introna	(Resigned 1 June 2022)
Mr S Knowles	
Prof E W Peck	(Appointed 1 August 2022)
Ms M J Stravino OBE	(Appointed 12 August 2022)
Ms V N Johnson	(Appointed 12 September 2022)
Cllr K F Girling	(Appointed 15 September 2022)
Mr A W Tinley	(Appointed 14 November 2022)
Dr G Crocker MBE	(Appointed 7 December 2022)
Cllr B Singh Shanker	(Appointed 12 June 2023)
Cllr MJ Relf	(Appointed 10 July 2023)
Cllr C Renwick	(Appointed 31 July 2023)
Cllr C Emmas-Williams	(Appointed 12 September 2023)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Post reporting date events

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Future developments

In light of the COVID-19 pandemic, the D2N2 LEP will need to ensure we are working from a new baseline of economic performance and that we are able to address the new needs of the economy so that we can adapt, recover, and grow.

We will continue to work with partners across the area to find innovative solutions to these problems as part of our approach to delivering sustainable economic growth to the region. It is important we also provide greater clarity on where the D2N2 LEP will take a leading role and those areas in which we will support our local partners.

Auditor

In accordance with the company's articles, a resolution proposing that HSKSG Audit be reappointed as auditor of the company will be put at a General Meeting.

Corporate governance

The D2N2 Board is committed to high standards of corporate governance and meets regularly. A number of matters are reserved for the Board's approval, including the overall strategy for the company, annual budgets and business plans, major items of expenditure on projects and funding requirements from key stakeholders.

The LEP Board has delegated responsibilities to the following sub-boards and committees, formally constituted with terms of reference:

Investment Board

The LEP Board has delegated its power to make financial decisions to the Investment Board. This includes decisions relating to the Local Growth Fund, Growing Places Fund, Enterprise Zone Business Rates and other appropriate LEP funding streams. The Board monitors the associated contracts of its investment decisions with a quarterly board update.

Advisory Boards (Business Growth and Innovation, People and Skills, and Place)

The Advisory Boards support the D2N2 LEP Board in their mission to better push forward on objectives to boost the LEP area's economic growth. Each Advisory Board provides regular progress updates to the main D2N2 LEP Board and develops a work programme to drive forward their areas of responsibility.

D2N2 Growth Hub Executive Board (Sub Board to the Business and Innovation Board)

The Executive Board steers the activities of the Growth Hub, ensuring it is fit for purpose and fulfilling its remit. The D2N2 Growth Hub offers support to start-ups, growing businesses, and companies who are ready to scale up their operations.

ESIF Committee

The ESIF Committee role is to prepare the local strategy for the investment of the D2N2 area's notional allocation of European Structural and Investment funds (ESIF) to ensure they are invested to maximum effect, and that delivery capability is in line with strategic priorities, and emerging risks are mitigated or referred to the LEP Board for resolution.

Nominations and Remunerations Committee

The Nominations Committee oversees the identification, recruitment, and recommendation of the new directors to the Board and oversees the effectiveness of the executive structure.

Scrutiny and Audit Arrangements

The D2N2 LEP utilises both Scrutiny and Audit committee arrangements within Derbyshire County Council; this will also be extended to the chairs of the scrutiny committees across D2N2 to take in the process. The D2N2 LEP's audit report is presented annually to the Investment Board.

The Scrutiny Committee will review the annual performance of the D2N2 LEP's governance and its funding streams. The D2N2 LEP also makes an open offer to attend other Local Authority Scrutiny Committees in their area and attend when requested.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

.....
Ms E Fagan CBE
Director

Date:

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	5,625,338	47,127,478
Cost of sales		(12,950,658)	(45,571,737)
Gross (deficit)/surplus		(7,325,320)	1,555,741
Administrative expenses		(1,354,889)	(1,353,167)
Operating (deficit)/surplus	4	(8,680,209)	202,574
Interest receivable and similar income	6	544,121	79,356
Interest payable and similar expenses	8	(61)	55
(Deficit)/surplus before taxation		(8,136,149)	281,985
Tax on (deficit)/surplus	9	(103,371)	(15,088)
(Deficit)/surplus for the financial year		(8,239,520)	266,897

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
(Deficit)/surplus for the year	(8,239,520)	266,897
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(8,239,520)</u>	<u>266,897</u>

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Current assets					
Debtors	12	18,038,435		37,910,824	
Cash at bank and in hand		892,739		517,627	
		<u>18,931,174</u>		<u>38,428,451</u>	
Creditors: amounts falling due within one year	13	<u>(1,013,171)</u>		<u>(12,270,928)</u>	
Net current assets		<u>17,918,003</u>		<u>26,157,523</u>	
Reserves					
Income and expenditure account	16	<u>17,918,003</u>		<u>26,157,523</u>	
		<u>17,918,003</u>		<u>26,157,523</u>	

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

.....
Ms E Fagan CBE
Director

Company Registration No. 11914012

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Income and expenditure £
Balance at 1 April 2021	25,890,626
Year ended 31 March 2022:	
Surplus and total comprehensive income	266,897
	<hr/>
Balance at 31 March 2022	26,157,523
Year ended 31 March 2023:	
Deficit and total comprehensive income	(8,239,520)
	<hr/>
Balance at 31 March 2023	<u>17,918,003</u>

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22		(153,860)		46,922
Interest paid			(61)		55
Income taxes paid			(15,088)		(13,376)
Net cash (outflow)/inflow from operating activities			(169,009)		33,601
Investing activities					
Interest received		544,121		79,356	
Net cash generated from investing activities			544,121		79,356
Net increase in cash and cash equivalents			375,112		112,957
Cash and cash equivalents at beginning of year			517,627		404,670
Cash and cash equivalents at end of year			892,739		517,627

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

D2N2 Local Enterprise Partnership is a private company limited by guarantee incorporated in England and Wales. The registered office is 8 Experian Way, Ng2 Business Park, Nottingham, NG2 1EP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ unless indicated otherwise.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have assessed the balance sheet and likely future cash flows at the date of approving these financial statements.

The directors have a reasonable expectation that the LEP has adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover consists of grant project income for specific projects, which is then distributed by the company to third parties, and operational income to cover the day-to-day core funding requirements of the company, such as administration and staff costs.

Government grants for projects are accounted for under the performance model as permitted by Financial Reporting Standard 102. Government grants are recognised only to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Other government funding is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in surplus or deficit in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies **(Continued)**

1.8 Retirement benefits

The company contributes to a defined pension scheme. Contributions payable to the scheme are amounts recharged to the company by East Midlands Chamber of Commerce who operate the scheme and are charged to profit or loss in the period to which they relate.

1.9 Interest income

Interest income is recognised in the income statement on a cash basis when received.

1.10 Grant expenditure

Grant expenditure is recognised when there is a legal or constructive obligation, it is probable that settlement is required and the amount can be measured reliably.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2023	2022
	£	£
Turnover analysed by class of business		
Grant project income	4,898,598	46,168,614
Operational income - external	569,169	759,168
Operational income - internal	157,571	199,696
	5,625,338	47,127,478
	5,625,338	47,127,478

	2023	2022
	£	£
Other revenue		
Interest income	544,121	79,356
	544,121	79,356
	544,121	79,356

4 Operating (deficit)/surplus

	2023	2022
	£	£
Operating (deficit)/surplus for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	6,520	6,120
	6,520	6,120
	6,520	6,120

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

5 Directors' remuneration

No remuneration was paid to the directors.

6 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Other interest income	544,121	79,356
	<u>544,121</u>	<u>79,356</u>

	2023	2022
	£	£
Investment income includes the following:		
Interest on financial assets not measured at fair value through surplus or deficit	75,267	29,001
	<u>75,267</u>	<u>29,001</u>

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
Directors	17	16
Delivery team	14	15
Careers team	8	6
	<u>39</u>	<u>37</u>
Total	<u>39</u>	<u>37</u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	827,278	804,296
Social security costs	89,601	85,781
Pension costs	92,433	84,805
	<u>1,009,312</u>	<u>974,882</u>
	<u>1,009,312</u>	<u>974,882</u>

The company does not directly employ any staff. Staff are employed by East Midlands Chamber of Commerce who recharge payroll costs to the company. Details included in these financial statements in respect of staff costs all relate to recharged values.

Staff paid in excess of £58,200 for the year, or the pro-rata equivalent for their period of employment are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

7 Employees **(Continued)**

Year Ended 31 March 2023

	Salary and other benefits £	Pension contributions £	Total £
Chief Executive	80,001	23,706	103,707
Head of Business Growth and Innovation	58,437	8,965	67,402

Year Ended 31 March 2022

	Salary and other benefits £	Pension contributions £	Total £
Chief Executive	83,558	17,987	101,545
Head of Strategy and Growth (April - August)	25,085	5,104	30,189
Head of Business Growth and Innovation	56,572	10,468	67,040
Head of Capital Programmes	56,588	4,130	60,718

8 Interest payable and similar expenses

	2023 £	2022 £
Other finance costs:		
Other interest	61	(55)

Corporation tax interest of £55 charged in a prior year is not being pursued by HM Revenue & Customs and was reversed in the previous year,

9 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	103,371	15,088

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

9 Taxation (Continued)

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
(Loss)/profit before taxation	(8,136,149)	281,985
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(1,545,868)	53,577
Tax effect of expenses that are not deductible in determining taxable profit	2,719,114	8,915,732
Tax effect of income not taxable in determining taxable profit	(1,069,875)	(8,954,221)
Taxation charge for the year	103,371	15,088

UK corporation tax has been charged at 19% (2022: 19%) on net interest received only to a value of £544,060 (2022: £79,411).

10 Amounts committed to suppliers

Amounts committed to suppliers for the purchase of goods, works and services during the year were as follows:

	2023	2022
	£	£
Overhead expenditure (LEP running costs)	1,360,467	1,352,987
Less:		
Staff costs (including travel allowances)	(1,023,139)	(979,941)
Bad debts	-	-
LEP contribution to Freeport bid	-	-
	337,328	373,046
Getting Building Fund other costs - external	9,817	14,973
Other grant expenditure - external	2,998,258	2,188,978
	3,345,403	2,576,997

Further information is given in note 7 and on pages 33 and 34.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

11 Financial instruments

	2023	2022
	£	£
Carrying amount of financial assets		
Instruments measured at fair value through surplus or deficit	18,931,174	38,428,451
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at fair value through surplus or deficit		
- Other financial liabilities	(1,013,171)	(12,270,748)
	<u> </u>	<u> </u>

Financial assets measured at cost comprise debtors, loans advanced, cash held by Derbyshire County Council and cash at bank.

Financial liabilities measured at cost comprise taxation, other creditors and accrued expenses.

12 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Amounts owed by related parties	409,907	16,157,937
Growing Places Fund loans advanced	540,001	238,962
Other debtors	498,527	1,143,925
Cash held by Derbyshire County Council	15,000,000	18,500,000
	<u> </u>	<u> </u>
	16,448,435	36,040,824
	<u> </u>	<u> </u>
	2023	2022
	£	£
Amounts falling due after more than one year:		
Growing Places Fund loans advanced	1,590,000	1,870,000
	<u> </u>	<u> </u>
Total debtors	18,038,435	37,910,824
	<u> </u>	<u> </u>

13 Creditors: amounts falling due within one year

	2023	2022
	£	£
Amounts owed to related parties	514,615	10,954,878
Corporation tax	103,371	15,088
Other creditors	366,491	1,273,158
Accruals and deferred income	28,694	27,804
	<u> </u>	<u> </u>
	1,013,171	12,270,928
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

14 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	92,433	84,805
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

16 Income and expenditure account

Reserves represent cumulative surpluses or deficits, net of other adjustments as follows:

D2N2 LOCAL ENTERPRISE PARTNERSHIP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****16 Income and expenditure account****(Continued)****Year Ended 31 March 2023**

	Balance at 1 April 2022	Net income/ (expenditure) in year	Inter-fund transfers	Balance at 31 March 2023
	£	£	£	£
Revenue Projects				
Careers and Enterprise	185,258	(19,607)	-	165,651
Resource Funding	113	-	(113)	-
Energy Strategy	787	-	-	787
Enterprise Zones.	675,231	-	(675,231)	-
Growing Places Fund	804,431	23,257	-	827,688
Growth Hub	(20,975)	-	20,975	-
HS2 Development Corporation	-	-	-	-
HS2 Growth Strategy	108,329	(78,000)	-	30,329
HS2 Toton Station	775,813	(219,411)	-	556,402
Key Management Account	2,423	-	-	2,423
Local Growth Fund	-	-	-	-
Skills Analysis Panel	-	-	-	-
Digital Bootcamp	-	975,374	-	975,374
Getting Building Fund	9,817	-	(9,817)	-
	2,541,227	681,613	(664,186)	2,558,654
Core Funding	764,928	(282,279)	9,817	492,466
General Reserve	591,403	438,841	(20,862)	1,009,382
	3,897,558	838,175	(675,231)	4,060,502
Capital Projects				
Growing Places Fund	8,363,415	(2,043,544)	3,021,781	9,341,652
Getting Building Fund	7,396,550	(5,050,000)	(2,346,550)	-
Low Carbon Growth Fund	6,500,000	(1,984,151)	-	4,515,849
	26,157,523	(8,239,520)	-	17,918,003

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

16 Income and expenditure account **(Continued)**

Year Ended 31 March 2022

	Balance at 1 April 2021	Net income/ (expenditure) in year	Inter-fund transfers	Balance at 31 March 2022
	£	£	£	£
Revenue Projects				
Careers and Enterprise	89,539	95,719	-	185,258
Resource Funding	113	-	-	113
Energy Strategy	13,287	(12,500)	-	787
Enterprise Zones.	394,873	280,358	-	675,231
Growing Places Fund	786,270	18,161	-	804,431
Growth Hub	(20,784)	(191)	-	(20,975)
HS2 Development Corporation	-	-	-	-
HS2 Growth Strategy	121,405	(13,076)	-	108,329
HS2 Toton Station	853,892	(78,079)	-	775,813
Key Management Account	(1,109)	3,532	-	2,423
Local Growth Fund	-	-	-	-
Skills Analysis Panel	3,882	(7,732)	3,850	-
Digital Bootcamp	-	-	-	-
Getting Building Fund	9,817	-	-	9,817
	<u>2,251,185</u>	<u>286,192</u>	<u>3,850</u>	<u>2,541,227</u>
Core Funding	834,258	(119,685)	50,355	764,928
General Reserve	595,218	50,390	(54,205)	591,403
	<u>3,680,661</u>	<u>216,897</u>	<u>-</u>	<u>3,897,558</u>
Capital Projects				
Growing Places Fund	22,209,965	(5,000,000)	(8,846,550)	8,363,415
Getting Building Fund	-	5,050,000	2,346,550	7,396,550
Low Carbon Growth Fund	-	-	6,500,000	6,500,000
	<u>25,890,626</u>	<u>266,897</u>	<u>-</u>	<u>26,157,523</u>

17 Other financial commitments

As at the balance sheet date the company had commitments to the following projects:

To be paid from Getting Building Fund

	2023	2022
	£	£
To be paid from Getting Building Fund		
Drakelow	-	7,650,000

To be paid from Low Carbon Growth Fund

Hydrogen Fuelled Waste Collection	243,859	-
PPROHLET	1,200,000	-
	<u>1,443,859</u>	<u>7,650,000</u>

D2N2 LOCAL ENTERPRISE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Other financial commitments

(Continued)

Payments will be made from current fund reserves. Prior year commitments were payable from current year reserves of £7,396,550 and funds of £253,450 held by Derbyshire County Council as the accountable body.

18 Events after the reporting date

Since the balance sheet date, the Levelling-up and Regeneration Act 2023 received Royal Assent, meaning the East Midlands County Combined Authority can be legally formed. All four of the Constituent Councils are required to approve the creation of the Combined Authority, which is expected to occur at the Full Councils meeting on 7 December 2023. Following this the new organisation will form and the activities of the LEP will transfer into it.

19 Related party transactions

During the year D2N2 Local Enterprise Partnership received income from, made payments to and had amounts outstanding at the balance sheet date with partner councils and other related parties, by virtue of common directors, as follows:

D2N2 LOCAL ENTERPRISE PARTNERSHIP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****19 Related party transactions****(Continued)**

Year ended 31 March 2023

	Derby City Council	Derbyshire County Council	Nottingham City Council	Nottingham County Council
	£'000	£'000	£'000	£'000
Income recognised during the year				
Match funding	(47)	(47)	(47)	(47)
Enterprise Zone	(156)	-	-	-
Revenue Projects	(3)	(3)	(2)	(2)
Capital Projects	-	(253)	-	-
Interest on balances	-	-	-	-
Total income	(206)	(303)	(49)	(49)
Expenditure recognised during the year				
Capital Projects	2,200	-	-	-
Revenue Projects	4	-	-	3
HS2	-	-	45	219
Staffing	-	-	-	-
Service Level Agreement	-	107	-	-
Total Expenditure	2,204	107	45	222
Net (income)/expenditure	1,998	(196)	(4)	173
Amounts owing as at 31 March 2023:				
Due from	156	253	-	-
Due to	-	(107)	-	(222)

D2N2 LOCAL ENTERPRISE PARTNERSHIP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****19 Related party transactions****(Continued)**

	North East Derbyshire District Council	University of Derby College Derby	Nottingham Trent University	East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire)
	£'000	£'000	£'000	£'000
Income recognised during the year				
Match funding	-	-	-	-
Enterprise Zone	-	-	-	-
Revenue Projects	-	(25)	-	(18)
Capital Projects	-	-	-	-
Interest on balances	-	-	-	-
Total income	-	(25)	-	(18)
Expenditure recognised during the year				
Capital Projects	-	-	-	-
Revenue Projects	-	5	13	1,025
HS2	-	-	-	33
Staffing	-	-	-	668
Service Level Agreement	-	-	-	-
Total Expenditure	-	5	13	1,726
Net (income)/expenditure	-	(20)	13	1,708
Amounts owing as at 31 March 2023:				
Due from	-	-	-	-
Due to	-	-	-	(185)

D2N2 LOCAL ENTERPRISE PARTNERSHIP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023**

19 Related party transactions	(Continued)			
Year ended 31 March 2022	Derby City Council	Derbyshire County Council	Nottingham City Council	Nottingham County Council
	£'000	£'000	£'000	£'000
Income recognised during the year				
Match funding	(63)	(63)	(63)	(63)
Enterprise Zone	(145)	-	-	-
Revenue Projects	(3)	(17)	-	-
Capital Projects	-	(15,988)	-	-
Interest on balances	-	(50)	-	-
Total income	(211)	(16,118)	(63)	(63)
Expenditure recognised during the year				
Capital Projects	18,875	-	12,666	3,083
Revenue Projects	21	13	117	-
HS2	-	-	-	78
Staffing	-	-	-	-
Service Level Agreement	-	107	-	-
Total Expenditure	18,896	120	12,783	3,161
Net (income)/expenditure	18,685	(15,998)	12,720	3,098
Amounts owing as at 31 March 2022:				
Due from	145	15,988	-	-
Due to	(6,878)	(107)	(3,293)	(32)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

19 Related party transactions

(Continued)

	North East Derbyshire District Council	University of Derby College Derby	Nottingham Trent University	East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire)
	£'000	£'000	£'000	£'000
Income recognised during the year				
Match funding	-	-	-	-
Enterprise Zone	-	-	-	-
Revenue Projects	(3)	(11)	-	-
Capital Projects	-	-	-	-
Interest on balances	-	-	-	-
Total income	(3)	(11)	-	-
Expenditure recognised during the year				
Capital Projects	-	-	-	-
Revenue Projects	-	-	-	1,164
HS2	-	-	-	-
Staffing	-	-	-	1,043
Service Level Agreement	-	-	-	-
Total Expenditure	-	-	-	2,207
Net (income)/expenditure	(3)	(11)	-	2,207
Amounts owing as at 31 March 2022:				
Due from	-	25	-	-
Due to	-	-	-	(645)

Amounts due from and to partner councils are included in debtors and creditors respectively.

During the year costs to a value of £310 (2022 - £nil) were paid to Roadgas Limited which has one director in common with D2N2 Local Enterprise Partnership.

20 Ultimate controlling party

There is no one ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

21 Analysis of changes in net funds

1 April 2022	Cash flows 31 March 2023	
£	£	£
Cash at bank and in hand	517,627	892,739
	<u>375,112</u>	<u>892,739</u>

22 Cash (absorbed by)/generated from operations

	2023	2022
	£	£
(Deficit)/surplus for the year after tax	(8,239,520)	266,897
Adjustments for:		
Taxation charged	103,371	15,088
Finance costs	61	(55)
Investment income	(544,121)	(79,356)
Movements in working capital:		
Decrease/(increase) in debtors	19,872,389	(10,719,964)
(Decrease)/increase in creditors	(11,346,040)	10,564,312
Cash (absorbed by)/generated from operations	<u>(153,860)</u>	<u>46,922</u>

**D2N2 LOCAL ENTERPRISE PARTNERSHIP
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023**

**The following pages do not form part of the statutory
financial statements**

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2023 £	2022 £	2022 £
Turnover				
Grant project income		4,898,598		46,168,614
Operational income - external		569,169		759,168
Operational income - internal		157,571		199,696
		<u>5,625,338</u>		<u>47,127,478</u>
Cost of sales				
<i>Purchases and other direct costs</i>				
GBF grants awarded	253,451		38,101,175	
GBF other costs - internal	-		71,577	
GBF other costs - external	9,817		14,973	
Other grant costs - internal	157,571		128,120	
Other grant costs - external	2,998,258		2,188,978	
Other grants awarded	5,347,411		66,914	
GPF grants awarded	2,200,000		5,000,000	
LCGF grants awarded	1,984,150		-	
Total purchases and other direct costs	<u>12,950,658</u>		<u>45,571,737</u>	
Total cost of sales		<u>(12,950,658)</u>		<u>(45,571,737)</u>
Gross (deficit)/surplus	130.22%	(7,325,320)	3.30%	1,555,741
Administrative expenses				
Wages and salaries	824,079		804,296	
Social security costs	89,601		85,781	
Temporary staff	3,199		-	
Staff training	872		13,863	
Staff pension costs	92,433		84,805	
Rent and services	68,456		66,032	
Computer running costs and website	23,010		19,089	
LEP network	8,625		8,400	
Midlands Engine	124,800		24,000	
Travelling expenses	4,369		1,361	
Legal and professional fees	69,309		182,034	
Non audit remuneration paid to auditors	3,260		3,060	
Audit fees	6,520		6,120	
Bank charges	151		182	
Insurance	10,626		7,935	
Printing and stationery	3,028		2,730	
Advertising	5,334		29,722	
Telephone	4,383		2,554	
Sundry expenses	3,646		10,577	
Room hire and catering	2,250		626	
Annual General Meeting costs	6,938		-	
		<u>(1,354,889)</u>		<u>(1,353,167)</u>

DETAILED INCOME STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2023	2022	2022
	£	£	£	£
Operating (deficit)/surplus		(8,680,209)		202,574
Interest receivable and similar income				
Interest received on deposits	468,854		50,355	
Loan interest received	75,267		29,001	
	<hr/>	544,121	<hr/>	79,356
Interest payable and similar expenses				
Corporation tax interest		(61)		55
(Deficit)/surplus before taxation	144.63%	(8,136,149)	0.60%	281,985

PUBLIC

DATE:	7 December 2023
REPORT LEAD:	Sarah Wainwright
AGENDA ITEM:	2.1

TITLE:	Finance update
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1. INTRODUCTION

1.1 A Summary of income and expenditure for final position for 2023/24 for the main LEP budgets.

2. RECOMMENDATION

2.1 Board is asked to **APPROVE** the transfer of £556,402.29 to Nottinghamshire County Council (NCC) which is the remaining balance of the Department of Transport (DfT) grant allocated to HS2 Toton work.

2.2 Board is asked to **NOTE** the remainder of report

3. 2023-24 LEP Budgets

3.1 Budget monitoring for period 7 (October) of the 2023-24 financial year is shown below:

4. HS2 Toton grant

4.1 The DfT allocated £1.8m to work on the proposed HS2 station at Toton. The first tranche was received in September 2018 and the second in March 2020. The funding was given to the region and funding transferred to the LEP as the accountable body. The funding was to provide support to the East Midlands region to assess the infrastructure improvements that improve connectivity to the proposed station at Toton. It could also be used to support other work streams as set out in the joint D2N2 and East Midlands Council's funding bid of 14 March 2018, relating to delivery capability and the development of a land strategy.

4.2 Nottinghamshire County Council originally hosted the team which worked on this programme and therefore all expenditure relating to the grant was commissioned through NCC. For the last 5 financial years NCC have provided D2N2 with grant claims to passport the funding across. The budget was agreed by the HS2 Executive Board, NCC have been providing monitoring information showing spend against agreed budget and evidence of spend through copies of invoices during these 5 years. More recently these staff have been working for the East Midlands Development Company, however still using NCC as their accountable body.

4.3 Following the Prime Minister's announcement on the 4th October 2023, DfT have asked for work to continue on the rail strategy for the region under the new title 'Station Growth Pathfinder' rather than recall any unspent grant.

PUBLIC

4.4 As LEP staff are not involved with this grant and there are no DfT requirements in terms of reporting, it is proposed to transfer the remaining balance of £556,402.29 to Nottinghamshire County Council so they and the EM Development Company can continue the work as instructed by the DfT. We would like to agree this transfer sooner rather than later because it has a very clear purpose that it in other organisations' remits and we are keen that it does not become an issue when considering the future of the LEP's other assets.

Sarah Wainwright

7 December 2023

PUBLIC

2023-24 LEP-Detailed Budgets-to period 7 (October)	Core funding	Actuals to	Year End	Key Account	
	Budget	date	Position	Management (KAM)	Actuals to date
	£			£	
Income					
Dept of Levelling Up, Housing and Communities	250,000	250,000	250,000		
LA Match	125,000				
Department of Education	150,000		150,000		
Department of International Trade	5,000		5,000	57,000	28800
Interest	200,000	18,649	600,000		
Other	55,190	17,281	70,090		
	785,190	285,930	1,075,090	57,000	28,800
Expenditure					
Rents	71,414	40,603	71,414		
Pay costs	732,966	405,827	691,621	47,514	28,867
IT/Website	10,500	3,182	10,500		
Mobiles	2,625	2,427	3,562	207	120
Postage and Stationary	5,250	1,822	5,250		
Publicity	5,250	225	5,250	6,666	13,866
Travel and general allowances	5,250	6,485	11,117	369	168
Room hire and catering	4,000	1,961	2,800		
Insurance	10,626	10,626	10,626		
Training	2,100	3,687	3,687		
LEP Network	4,200	4,200	4,200		
Midlands Engine	18,000	18,000	18,000		
Consultancy/Professional	63,000	59,717	79,717		
Conference/Event	5,250		5,250		
Audit fee	10,000	3,600	10,000		
Corporation tax	54,374	98,862	150,000		
SLA	114,406		114,406		
Other				2,244	
	1,119,211	463,500	1,197,400	57,000	43,022
2023/24 Surplus/ (Deficit)	(334,021)	(177,570)	(122,310)	-	(14,222)
Reserves Balances at 31.3.23	2022/23				
Low Carbon Growth fund	4,515,849.51				
Digital Bootcamp	975,373.81				
Key Account Management	2,423.23				
Energy Strategy	787.02				
Careers and Enterprise	165,651.08				
HS2 Toton	556,402.29				
HS2 Growth Strategy	30,329.30				
Growing Places Fund-Capital	9,341,651.91				
Growing Places Fund-Revenue	827,687.74				
Core Funding	961,319.79				
General Reserve	540,473.43				
	17,917,949.11				

DATE	7 December 2023
REPORT LEAD	Elizabeth Fagan
AGENDA ITEM	2.2

TITLE	Chair's Report
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1. INTRODUCTION

- 1.1 This report updates on the following:
Devolution
People and Skills
Business Growth and Innovation
Low Carbon.

2. RECOMMENDATION

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

3. KEY HIGHLIGHTS

- 3.1 Key Highlights summary
- Major milestone passed on devolution
 - Important work underway to better understand the changing business, innovation and skill support landscapes
 - Challenges and opportunities on green skills

4. ENGAGEMENTS

4.1 Since the last meeting, I have undertaken a number of engagements to represent the LEP, including the regular briefing for our local D2N2 MPs, attendance at LEP Network Board meetings and the Midlands Connect Strategic Board meeting which took place in Birmingham on 7 November, 2023.

5. DEVOLUTION

5.1 Following the granting of Royal Assent for the Levelling Up and Regeneration Bill on 26 October, 2023 we publicised the achievement of this major milestone in a news item on our website, LinkedIn, X and newsletter channels. Mark Rogers, Interim Chief Officer for the East Midlands Devolution Programme, will provide an update to delegates at the AGM which follows this Board meeting and there will be a chance to ask him questions. We have learnt, since the date of this Board was fixed, that by coincidence our AGM coincides with the day that the four Upper Tier Authorities are voting on the East Midlands devolution plans. This is exciting news as it marks the final stage in the formal approval process for devolution in our region.

5.2 On 10 November, 2023 we published a thought leadership piece where I set out my reflections on the strategy and plans for East Midlands devolution and my confidence that the LEP Board, businesses, colleges and universities in our region will continue to play an active role in the devolved administration. The piece included a quote from my Board colleague Edward Peck, who said: "The EMCCA will be well

placed to build on the work of the LEP in analysing local skills and labour market intelligence to identify priorities and co-ordinate activity”.

5.3 The D2N2 team are attending an Away Day on 8 January, 2024 where the potential transition process into the new Combined Authority will be discussed. There is more detail on that in the CEO’s report.

6. PEOPLE AND SKILLS

- Meeting date: 18 October, 2023
- Chair: Edward Peck
- Next meeting date: 11 January, 2024

Devolution and Skills Progress

6.1 The Devolved Adult Education Budget (AEB) Working Group, chaired by Joe Battye of Derbyshire County Council has identified a number of work packages, focusing on achievement of the AEB readiness conditions set out by DfE which must be met in order for the Combined Authority to receive the devolved funds. I remain committed to supporting efforts to ensure the Combined Authority performs highly from day one. With that in mind, Fiona Baker, D2N2 Head of People and Skills has agreed to lead the development of the AEB Strategic Skills Plan which has to be in place before the Combined Authority begins its work.

Skills alignment

6.2 A discussion took place at the meeting on the potential for members to work together to ensure that the incoming Combined Authority has a good understanding of the current skills landscape, and of the need to draw together all of the different strands of activity and funding to avoid duplication and identify gaps. Work is now being undertaken by the LEP and Local Authorities to start to map provision against sectors and to capture recent capital investments in skills.

Green Skills

6.3 One of the early conclusions, and not one that will be news to this board, is that there is a bewildering number of funding pots and programmes for green skills. Any investment is welcome, but currently funding for green skills is reaching learners from:

- DFE via the education and skills systems, Boot Camps, Adult Education Budgets and (in the future) LSIF
- DWP via their support to the unemployed
- DLUHC via UKSPF and Towns Fund
- The Department for Energy Security and Net Zero via Midlands Net Zero Hub

6.4 The devolution Programme Board, on which we are represented, has agreed to ensure we tackle this issue now so that there is clarity on roles and a clear approach to strategic skills commissioning on day one of the Combined Authority.

6.5 D2N2 LEP is part of a Fusion Skills Partnership of providers and other stakeholders covering D2N2, Greater Lincolnshire and South Yorkshire. This partnership, led by Bassetlaw DC, has bid to deliver the skills which will be needed to run the plant from the planned Fusion Skills Academy. Julie Beresford for Bassetlaw DC updated our meeting on progress. Subsequent to the PSAB meeting, the partnership presented to the UKAEA on 8 November, 2023 and we will hear shortly on whether we have been shortlisted.

7. BUSINESS AND INNOVATION

- Meeting date: 9 November, 2023
- Chair: Tim Freeman
- Next meeting date: 29 January, 2024

Business Growth Tracker

7.1 LEP Officers have developed a tracker to show the progress of the Business Growth and Innovation Advisory Board against the key workstreams in the LEPs 2023/24 Delivery plan. The tracker shows the performance against key metrics in the delivery plan and gives a RAG rating for all measures. As the tracker was well received, I have asked Will to produce something similar for all advisory groups.

Skills Bootcamps

7.2 The current iteration (Wave 4) of skills bootcamps is achieving its 6-month Key performance indicator targets for learner starts. These learners are currently enrolled on two programmes of support, Digital and Green Transport. A wave 5 application has now been submitted to the DfE and is anticipated to start in April 2024.

Business Support Mapping

7.3 Lucie Andrews is carrying out a review of the Business Support space and how activity is distributed across the D2N2 LEP area. Following changes to the landscape with the introduction of UK Shared Prosperity Funding from the previous administration of European Funding, the review is looking at key areas to consider including:

- improvement of measurement and monitoring of activity and impact;
- improving access to research and development in conjunction with universities;
- identification of what support can be offered to different sectors; and
- any gaps by place or sector.

7.4 Tom and his team will continue to engage with local partners to gather more information from a series of one-to-one meetings.

Innovation Investment

7.5 Following the unsuccessful submission to the Innovation Launchpads programme, LEP Officers brought forward an agenda item to the BGIAB to discuss the lack of innovation projects that the area wins. As a first step LEP officers held a meeting with UKRI to share our concerns about the number of funding bids from our region not being taken forward by Government. UKRI has agreed to feed back to the next BGIAB and to discuss how we can use the leverage of the Combined Authority to strike a better innovation deal for our region.

8. LOW CARBON

- Meeting date: n/a - meeting 8 December, 2023
- Chair: Wayne Bexton and Becky Rix
- Next meeting date: tbc

8.1 Following the highly successful launch of East Midlands Hydrogen in September, I know that Will has been inundated with new connections and meetings – and he covers that in his report. We have pushed back the next Low Carbon Growth Group to enable the team to take stock.

8.2 There has been a significant increase in the number of members who have joined the EMH Consortium and we will be convening the partnership quarterly in 2024. Between those meetings, officers from D2N2, Cadent, Uniper and the other core members of the partnership will be keeping the momentum going, for example through coordinating bids to the expected Hydrogen Allocation Round 2 from Government. We will also be proposing that the new Combined Authority considers creating a role specifically to support the programme, which is only going to get bigger from 2024.

8.3 EMH will feature prominently at our Annual Event/AGM in my and Sally Brewis's keynotes. We will be promoting EMH at UKREiif in Leeds through a headline address at the Invest in Nottingham drinks reception on 22 May, 2024.

9. INCLUSION

9.1 Natasha Johnson, Tony Tinley, Nicola and Will recently met colleagues from the West Midlands Combined Authority. WMCA CEO Laura Shoaf and her team talked us through their approach to inclusive growth and it was very impressive to hear about what they are doing in this space. Natasha has tabled a paper and will be presenting a PowerPoint summary of her reflections and proposals on a refreshed D2N2 role in the next item.

Elizabeth Fagan

7 December. 2023

DATE	7 December 2023
REPORT LEAD	Natasha Johnson
AGENDA ITEM	2.3

TITLE	D2N2's Role in Inclusion
--------------	--------------------------

1. INTRODUCTION

- 1.1 It was agreed at the last Board that I would bring a paper to this meeting proposing new approaches to D2N2's work on inclusion. I have been supported by Nicola and Will in developing this paper and have also shared it previously for Tony's views, given his close interest in the agenda.
- 1.2 I set out below three options for the governance of the inclusion agenda. These are for discussion, as there are several ways we could approach this topic. I would welcome the Board's input on your preferred approach.
- 1.3 I also propose some additional focuses for the work of the executive team. At the moment, there are four inclusion objectives in our delivery plan, and we are doing some excellent work already. However, after discussions with D2N2 colleagues and external partners, I believe that there is more we can do on two key topics: getting more girls and women into STEM training and jobs; and helping to tackle digital exclusion.
- 1.4 I also have an eye to the future and make a short recommendation about supporting the shadow MCA team to develop their thinking on inclusion.

2. GOVERNANCE OF INCLUSION WITHIN D2N2

- 2.1 I understand that D2N2 has adopted a number of models for the governance of inclusion issues, which were largely driven by previous inclusion reps. Now I have been in post for a year, I believe I have a clearer understanding of what works and what does not.
- 2.2 I believe we have four options, which are discussed below:
 - **Option 1: no change.** I believe that this is not the correct approach. As discussed at the previous two Board meetings, there is little visibility of the LEP's work on inclusion at the Board. There is therefore little opportunity for Board members to guide the executive team and to monitor progress.
 - **Option 2: return to the immediately previous model** of an inclusion group comprised of the LEP Chair, inclusion rep and the chairs of the other advisory boards. The intention of this approach was to ensure all chairs were aware of their role in inclusion and would include it in the agendas of their advisory boards. However, I understand from the team that this approach was not successful, given the additional call on the time of advisory board chairs who were already giving freely. The final two versions of this board were cancelled due to non-attendance. Therefore I cannot recommend this approach.

- **Option 3: stand up an inclusion group chaired by the inclusion rep** but comprising members drawn from across the region, as per other advisory boards. It would of course be open to other Board members to join. The group's remit would be to monitor performance on the existing and proposed new inclusion measures. The inclusion group would meet quarterly in advance of the LEP Board and its chair would report into the LEP Board as the other advisory board chairs do now. This is my preferred option, as it enables the LEP to bring in a broader range of expertise to steer our work. I do appreciate that with transition to the MCA likely in 2024, we need to be clear in our messaging about the longevity of the role.
- **Option 4: Inclusion is discussed at every LEP Board with no advisory subgroup.** This is in effect the system that is in place from this meeting, when for the first time the Chair and CEO's reports include updates on the inclusion work of the LEP. While I think this is a useful step, it means that, similar to option 2, the LEP is effectively talking to itself about inclusion without further outside voices being able to influence the discussion. This would be a workable option, but is not my recommendation.

2.3 Having spoken to Will, I believe that options 2 and 4 are easily manageable within existing resources. Option 3 would require more work, especially upfront in the creation of the group. The complexity of assembling a group that is representative of the places, communities and people of the region will be difficult within the time available to us. It might be useful, therefore, to work as well/instead with the shadow MCA on a plan to influence MCA governance on this agenda. For that reason, if we choose any of options 2-4 I recommend inviting the shadow MCA team to be part of the inclusion group.

3. D2N2'S INCLUSION ACTIVITY

- 3.1 In terms of context, it should be pointed out that all D2N2 staff are appointed following East Midlands Chamber's HR protocols which incorporate a focus on inclusion and once appointed, all staff must complete East Midlands Chamber's monthly mandatory training which includes training on Diversity and Inclusion.
- 3.2 D2N2's four existing inclusion objectives are:
- Our SEND Careers Hub work
 - The Connected Futures research on barriers to work for young people with autistic spectrum disorders and/or learning disabilities.
 - Providing a Growth Hub service that is universal to all sectors and communities
 - Ensuring the needs of our rural businesses are met.
- 3.3 It is crucial to remember that these were set before we knew the future of UKSPF. With the ending of European Funding, we had hoped that UKSPF would be a fund that would support inclusion in the same way we had previously used ESF. However, as you know, there are rules about how UKSPF can be spent which mean that it cannot be the direct replacement we

wanted. There are therefore clear limitations on what the team can do within existing resources.

- 3.4 However, there are two clear areas where the data tells us we need to improve and where the LEP using its convening powers to link up existing work would be useful.
- 3.5 First is the issue of getting more girls and women into STEM training and jobs. There is a huge amount of activity underway already. Our work through the Careers Hub and Skills Bootcamps is already partly targeted at this agenda. Other notable work includes the Chamber's *Women In Enterprise* group and Nottingham Universities *Charter for Inclusive Entrepreneurship*. I recommend that we ask the team to map existing work in this arena, similar to the work we are doing to map the skills and business support landscapes. The mapping itself will be useful, but the value will come if we can then convene the existing system to prevent duplication, fill gaps and share best practice. It may, of course, be that no such additional work is required, but it is worth asking the question.
- 3.6 The other issue is around digital exclusion. At the start of the pandemic our analysts, working with our universities, produced a paper that predicted which parts of the region would be most impacted by lockdowns. The paper was proved highly accurate, and was part of a larger evidence base that shows that large parts of the region still suffer from digital exclusion. There are three main reasons:
- Lack of decent, reliable broadband and/or 5G networks in some places
 - The affordability of devices and services to some of our residents
 - A gap in basic digital skills holding some people back from engaging
- 3.7 We do not have access to the capital budgets necessary to address the first issue or the revenue budgets to support the second. On the first issue, it is noted that some boroughs, districts and councils are offering free Wifi, such as Kimberley in Nottinghamshire. D2N2 is already supporting on the skills issue to a degree via Skills Bootcamps and our Careers Hub work.
- 3.8 My proposal for an enhanced LEP role on digital exclusion is therefore that the Inclusion Sub-Group focuses on the skills issue and looks at the 'harder to reach' and/or marginalised groups and draws up an action plan focused on potential ways to support them. I myself have some understanding of some of the issues here and propose to champion the support available, such as via Skills Bootcamps, using my networks. I am acutely aware that we are operating in the context of the cost of living crisis and a growth in fuel poverty and the plan needs to be realistic and mindful of the current climate.

4. THE MCA'S POTENTIAL ROLE ON INCLUSION

PUBLIC



- 4.1 Tony and I met the West Midlands Combined Authority's social inclusion team recently, supported by Nicola and Will. The WMCA is, of course, a few years ahead of us in testing the boundaries of what an MCA can do. Nonetheless, it is interesting to see that they have taken on a convening role for the homelessness agenda in the West Midlands, bringing the LAs, health and other partners with an interest together for the first time.
- 4.2 I do not propose that the LEP should try to steer the discussions within the shadow MCA on inclusion, but I would suggest that we can help them to ensure the agenda is embedded in their early thinking, including in their HR recruitment and training processes – it was notable that the WMCA now operate a recruitment system based on anonymised applications. I have asked Will to continue to press the shadow MCA for clarity on how it will tackle inclusion, and am pleased to hear that, now there is an officer team in place to drive the shadow MCA's work, there is a clear commitment to develop a workstream on inclusion.
- 4.3 My recommendation is therefore quite simple: that (as above) we invite the shadow MCA team to join the new inclusion arrangements and that we provide officer time to support the shadow MCA's work on this agenda.

Natasha Johnson

7 December, 2023

DATE	7 December 2023
REPORT LEAD	Will Morlidge
AGENDA ITEM	2.5

TITLE	Chief Executive Officer's Report
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1. INTRODUCTION

1.1 This report updates the Board on issues not covered in detail elsewhere in the meeting papers.

2. RECOMMENDATION

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

3. KEY HIGHLIGHTS

3.1 Key issues:

- Investigation into potential fraud by one of our Boot Camp contractors
- SMART Manufacturing and SMDH successes
- East Midlands Hydrogen: next steps

4. PEOPLE AND SKILLS

Skills Bootcamps

4.1 The Education and Skills Funding Agency (ESFA) recently alerted us to concerns about one of our Bootcamp providers, GBS Learning, in connection with funding claims after a whistleblower with the provider contacted DFE to report concerns about the validity of the outputs being claimed by the provider. We take our obligations to quality assure our providers very seriously. DFE requires us to undertake a minimum 10% assurance check. In fact, our team checks 100% of Boot Camp claims.

4.2 Nonetheless, we asked Derbyshire County Council Audit Services to investigate. They have concluded that we were compliant in our processes and that our funding claims to ESFA were made in good faith based on ESFA's contractual requirements. However, given the concerns regarding the provider, ESFA requested full evidence for a cohort of 37 learners who commenced the programme under Wave 3 of the Bootcamps. As was standard practice, the evidence was held on the provider's own SharePoint site. While we had seen the evidence when it was originally uploaded, our access to the provider's SharePoint portal has been terminated. Despite numerous attempts to contact the provider for copies of the

evidence, we were unable to secure copies of the evidence. As a result, ESFA are seeking to recover from us the funds paid to the provider for this cohort totalling £50,267.15. This is not unreasonable, but DCC Legal have recommended challenging on the basis of the DCC audit showing that we acted reasonably. We will from here on be taking duplicate copies of evidence, which feels very bureaucratic and not great practice in terms of net zero, but the need to protect our interests and reputation must outweigh those factors.

4.3 We have ceased our contract with this provider but continue to pursue them for the funds already paid. However, we believe that the provider has now ceased trading and we understand that existing apprentices have been transferred by ESFA to another provider. However, ESFA's current position is that we should issue a credit note for the above amount and that payment of our current invoice will be withheld until such time as the credit note is issued. No other Bootcamp learners are affected.

4.4 In more positive news, the DfE has confirmed that approval has been granted for Skills Bootcamps grant funding for local programmes in FY2024-25 (Wave 5). This means that Skills Bootcamp funding will be available to continue delivery beyond 31 March, 2024, up to the end of the current Spending Review period (31 March, 2025).

4.5 D2N2 has undertaken market research with a range of providers and stakeholders which has informed our Wave 5 application for Skills Bootcamps which was submitted to DfE in September. The application also took into consideration the recommendations of the recently published LSIP for D2N2 and as the result the application reflects an aspiration to broaden the Skills Bootcamp offer into wider sector areas such as Construction, Engineering and Leadership and Management for SMEs.

European Funding

4.6 Government has informed us that, rather than send a partial update in January and the final report in July, a single end-of-programme report on the former European Structural Investment Fund will be shared in March 2024. We will bring it to the Board in April for information and a potential discussion of lessons learnt.

Connected Futures Project

4.7 Fiona attended the Youth Futures Conference on 11- 12 October, 2023 and delivered two workshops on Special Educational Needs and Employer Engagement to policymakers. The conference was attended by the Secretary of State for Digital, Culture, Media and Sport, the Rt Hon Lucy Frazer MP. The project continues to attract interest from government departments and other agencies, and we recently met with staff from DfE to discuss continued barriers to participation by young people with additional needs in supported internships.

Careers and Young People

4.8 Progress across DfE targets have been positive with 81% of Careers Hub schools and colleges producing a published careers strategy that meets statutory guidance. The target set by the Careers and Enterprise Company was 80% and the national average is 65%. We are confident that this achievement demonstrates the buy-in at a strategic level of institutions locally in placing careers support as a priority. Across D2N2 96% of schools and colleges are meeting a minimum of three Gatsby benchmarks, significantly higher than the national average of 88%. The average figure for the number of benchmarks achieved by D2N2 Careers Hub institutions is 5.6 which surpasses both the current national average and our own in-year target.

4.9 The Careers Hub has identified Julia Matthews and Charlotte Bushell as dedicated Special Educational Needs and Disabilities (SEND) Enterprise Coordinators to work across the Careers Hub and develop tailored approaches to ensure that young people with SEND are able to make appropriate transitions into work or training. As a volunteer in two D2N2 special schools, I attended the first meeting of their new SEND Enterprise Adviser Network on 22 November, and I was impressed with the passion and dedication of the senior business people on the call who want to make a positive difference for some of our most vulnerable and disadvantaged residents.

4.10 The primary school Continuing Professional Development programme has completed four out of eight modules and has had three engagement points with the hub Strategic Career Leader. Employer visits (an essential part of the programme) are now commencing with all 75 due to be complete by April 2024.

4.11 This term we are focusing on launching the Open Doors programme in conjunction with Direct Education Business Partnership (DEBP) which gives employers the opportunity to showcase the opportunities available to young people in their businesses, with a particular focus on Creative and Digital, Construction, Engineering and Logistics. We are targeting 50 schools with the objective of reaching 15,000 students in years 7,8,9 and 10.

4.12 On 15 November, 2023 we hosted the first Apprenticeship and Technical Education Knowledge Building Event, in partnership with Chesterfield Borough Council and Workpays. Throughout the year we will have three events highlighting three different sectors. The first event focused on construction and was popular with both young people and parents.

BUSINESS AND INNOVATION

5.1 The Made Smarter programme is now fully operational. The programme has seen a slight downturn in engagement in recent months but has been very

successful overall in seeking delivery partners for the scheme. In order to combat the downturn in engagement a fresh focus on promotion is being taken and officers are working to get more manufacturers involved across Derbyshire, Nottinghamshire, Leicestershire and Lincolnshire. In depth technical advice is being delivered by the Manufacturing Technology Centre in Coventry and Leadership and Management programmes are underway with Loughborough University leading them. Initial reactions to the support activity are showing good reactions from the manufacturers involved with the programme and next steps involve gathering this feedback to create case studies to demonstrate the successes.

5.2 The SMART programme has in fact been such a success that Government is planning to role it out across England. We will be seeking early engagement with DBT to ensure that our track record of delivery means the East Midlands gets at least its fair share of any additional funding.

5.3 The Smart Manufacturing Data Hub (SMDH) programme is continuing with its national rollout. A series of place-based workshops and online webinars are being delivered across the UK. The project is now being delivered using three key mechanisms of delivery including:

- Lighthouses - Large scale academic programmes with technology solutions and supply chain applications which are improving the use of data in manufacturing.
- Virtual Manufacturing Platform – Support to virtualise production lines using data and machine technologies which allow companies to streamline processes without disrupting their production.
- Demonstrators – These are specific projects for SMEs which utilise technology such as energy monitors to show how data can support decision making and adaptation of processes to become more efficient.

5.4 The Key Account Management programme continues to be delivered well in the area, engaging with Foreign Direct Investment businesses to support them in their ongoing development and seek to invest more into the region. The programme has seen a recent downturn in activity due to tougher economic circumstances leading to less investment decisions being made by businesses. The LEP wants to remind all Local Authorities in the region that Kiran Biring is a nominated resource who can support development of projects with FDI businesses going forward.

LOW CARBON

6.1 Following the successful launch of East Midlands Hydrogen in September, 2023, follow-up meetings with businesses looking to generate or procure hydrogen have somewhat dominated my diary. Flushing out latent and/or hidden interest was one of our key objectives. I am already aware of one business who has, as a direct result of EMH, signed NDAs with three major East Midlands businesses to explore

supplying them with low carbon energy. I hope to be able to make a splash about those deals in due course, but it is worth ensuring the Board is aware that EMH is not just well received but also effective.

6.2 The PPROHLET scheme, the University of Nottingham's scheme to generate more hydrogen spin-out businesses, has reported its first significant win. Although an NDA prevents us from knowing who the industrial partners is, the University reports real progress on the development of a hydrogen-fuelled aero engine which should be ready for testing in 2024.

INCLUSION

7.1 Following our signing up to the Charter for Inclusive Entrepreneurship, led by Nottingham University, we have promoted our work in support of the Charter through our website, LinkedIn and X posts. We are discussing how we can build on this to achieve tangible change in our networks. We have submitted an expression of interest for Nottingham to be one of five cities taking part in a Cabinet Office-led programme aimed at boosting female entrepreneurship, in partnership with Data City, the University of Nottingham and the Nottingham Growth Board.

7.2 I have also committed to the Careers Hub SEND Network to report on the impact we are having through our social value procurement clauses. This has helpfully identified two other members of the network who specialise in social value, and I will be tapping into their expertise as we support the development of the Combined Authority's investment strategy.

EXTERNAL AFFAIRS

8.1 We have put in place a regular drumbeat of positive communications across our website, Linked In and X channels, and via our fortnightly newsletter. We are growing our follower base and have regular 'likes', shares and re-posts. A recent thought leadership piece by our Chair was re-posted ten times. Key threads throughout our communications are focusing on positive, upbeat pieces promoting the convening and leadership role the LEP plays across a number of key policy areas, highlighting active D2N2 workstreams, amplifying the work of our LEP team and starting to highlight the pathway towards the new EMCCA.

8.2 We are planning for our next team Away Day on 8 January, 2024 which will focus on the transition of D2N2 into the new EMCCA. We'll have Amanda Mays from the shadow authority and Lucy Robinson from East Midlands Chamber with us. They will share early proposals for transitioning staff into the new organisation in as much detail as possible at that point in time, and answer questions from the team. This is a really important Away Day aimed at providing reassurance for LEP staff. We will also gather feedback on the training and support required by the team, in order that we

may help and support individuals to navigate the transition in the best possible way for them.

8.3 We continue to support efforts in the region to promote good workplace mental health. I have undertaken several speaking and media engagements on the issue.

CORPORATE

9.1 Richard Kirkland will be leaving D2N2 for a well-deserved retirement at the end of January, 2024. Richard's contribution to the LEP has been huge, not least his recent leadership of our successful Skills Bootcamps, where we remain the only LEP to have been successful in every bidding round.

9.2 There is a new, streamlined system for LEP reviews this year. D2N2 is in the "streamlined" (ie lowest risk) tier and a report will be completed between Government and the executive team for sign off by the chair before Christmas. We anticipate there being no significant concerns.

Will Morlidge

7 December, 2023