

DERBYSHIRE COUNTY COUNCIL

**MEETING OF CABINET MEMBER – JOBS, ECONOMY AND
TRANSPORT**

13 March 2014

Report of the Strategic Director – Economy, Transport and Environment

D2N2 STRATEGIC ECONOMIC PLAN - RESPONSE

(1) **Purpose of the Report** To approve the Council's response to the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Strategic Economic Plan (SEP) consultation draft prior to final sign off by the D2N2 Local Enterprise Partnership (LEP) Board and submission to Government on 31 March 2014.

(2) **Information and Analysis** Following the publication of the D2N2 Growth Strategy in July 2013, Government has invited the D2N2 LEP to submit a Strategic Economic Plan (SEP) by 31 March 2014.

In December 2013, the D2N2 LEP submitted the first draft of its ambitious plan to deliver a £2bn business investment programme across Derby, Derbyshire, Nottingham and Nottinghamshire to create 55,000 jobs by 2023.

The SEP provides a case for investment and will form the basis for agreeing a "growth deal" and funding allocations for the D2N2 LEP, including the Single Local Growth Fund (a competitive national funding pot of £10bn over 5 years) and the EU Structural and Investment Fund programme 2014-20 (D2N2 has been initially allocated £219m through the recently finalised European Structural and Investment Strategy).

To date, the consultation period has been iterative with input to the evolving draft SEP via D2N2 Board and through Officer Working groups. In addition, officers have provided detailed comments and proposed amendments to the draft as part of the ongoing dialogue throughout the consultation period. The Council's proposed response to the draft SEP is attached as an appendix to this report.

To summarise, the Council has re-iterated its continued support to the D2N2 LEP but has highlighted a number of key issues that need further consideration prior to the submission of the final SEP to Government. These

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key issues will also need to be considered in shaping the future development of delivery activity once the “growth deal” has been agreed.

In preparing this report, the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

(3) **Key Decision** No.

(4) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? Yes.

In order to meet the consultation deadline, it has been necessary to request Councillor Kath Lauro, Chair of the Improvement and Scrutiny – Places Committee, to consider waiving the call-in period in respect of this report. Councillor Southerd, The Vice Chair of Improvement and Scrutiny – Places Committee has no objection to the waiving of call-in.

(5) **Background Papers** All relevant papers are held by the Economic Regeneration service. Officer contact details – Frank Horsley, extension 38348.

(6) **OFFICER’S RECOMMENDATION** That the Cabinet Member approves the response of Derbyshire County Council for consideration at the Strategic Leaders’ Meeting on 18 March and subsequent submission to D2N2 (Derby, Derbyshire, Nottingham, Nottinghamshire) Local Enterprise Partnership.

Mike Ashworth
Strategic Director – Economy, Transport and Environment

Response of Derbyshire County Council to the draft D2N2 SEP

Overview

The Council has now had the opportunity to consider the draft Strategic Economic Plan in full. Our broad, strategic response is set out below and should be considered alongside officer and Board level input provided throughout the SEP development process.

We are also submitting suggested track changes and comments to the draft document itself separately.

Overall, the Council remains fully supportive of the vision and stated ambitions we have set as partners working through D2N2 and are keen to ensure we attract and deliver the maximum resources available to deliver equitable growth across the D2N2 area. To this end, the overall tone of the SEP needs to be as ambitious as possible, setting our region apart from others in the UK by confidently stating what we are capable of delivering and also articulating clearly what is unique about our offer. This narrative needs to link closely to the governance section at the end of the document to ensure we present a convincing argument of our ability to make effective decisions at the appropriate level, within the required democratic and accountability frameworks, and deliver the planned actions/ interventions. Demonstrating this capability will be critical to securing the maximum amount of funding from Government and Europe.

Linked to our ambitions, there is an opportunity to strengthen the SEP to highlight the 'additionality' of our collective efforts; in terms of both efficiency (achieving results faster, smarter, more value for money etc) and impact (strengthen our building on existing success, closing the gaps etc).

To support this, Derbyshire County Council and its partners in the Derbyshire Economic Partnership (DEP), will be publishing the draft Derbyshire Economic Strategy Statement (DESS) for consultation.

The DESS forms a critical part of the strategic planning framework for D2N2, complimenting the SEP by clearly articulating how the county contributes to economic growth and ensuring this growth is inclusive, balanced and sustainable across our range of communities. Within the narrative of the DESS, strong links are being made to the SEP, ESIS and other national policy drivers - as well as local economic ambitions at the sub-county, district and community level. We are pleased to see that the relationship of the DESS to the overarching planning framework is recognised in the diagram on page 5.

The DESS has been developed as an outward looking strategy, recognising and embracing the many economic influences and functional economic areas that impact on Derbyshire. We are committed to using the DESS and the evidence recently gathered in our revised Local Economic Assessment as the basis for presenting and

negotiating the best deal for Derbyshire and we would like to see this reflected strongly in the SEP, either as a key ask or freedom and flexibility.

Within this context, the Council still has deep concerns regarding the city-centric nature of the language and spirit of the SEP and the lack of any real narrative that recognises the external economic influences that impact on D2N2 (as mentioned above) - most notably from other cities and urban conurbations beyond the D2N2 boundaries; this includes Manchester and Sheffield in the north and the West Midlands in the south.

In our view, too much emphasis is placed on Derby - and especially Nottingham - as the “engines of growth”. We do recognise the importance large urban centres play in any economy but this needs to be balanced against the real and latent growth potential that is offered by the wider county areas in relation to key factors such as available employment land and potential for housing growth and very specifically, the visitor economy. Without this balance, growth cannot be maximised and will be stymied by factors such as congestion, inflated land values, skills shortages, housing etc.

The city-centric concerns are borne out in the draft Priority Actions. For example, reference is made to 80,000 new homes with little consideration for where these homes should be encouraged to support growth. Furthermore, reference is made to the Creative Quarter in Nottingham without reference to the very strong creative industries that are thriving in the counties. At the same time, little reference is made to Visitor Economy and Food & Drink manufacturing— sectors of real competitive advantage and importance to the county areas of Derbyshire and Nottinghamshire – and moreover, where real potential exists for growth.

The argument for the cities as the primary engines for growth are somewhat undermined in the “Understanding the D2N2 Economy” (page 12) stating “employment is concentrated in and around the two cities combined accounting for 36% of total employment and 26% of total population”. The reverse of this is that 64% of employment and 74% of the population reside and work outside the two city conurbations with considerable evidence of migration out of the D2N2 area re-enforcing the need for a wider consideration of D2N2 beyond its own physical boundaries.

The Council recognises and supports the focus on the six growth sectors but these should not be exclusive and greater recognition is required of the potential interplay and connectivity between sectors. Furthermore, the growth sectors need to be considered in their widest context. For example, on page 17-18 reference to the aggregates/minerals industry should be made in the context of the construction sector. We also note the importance of culture and creative industries and would urge a debate as to how these can be more prominently recognised by D2N2.

The SEP also, quite rightly, refers to the importance of our major global employers to delivering economic growth. However, this needs to be balanced against continued

support for traditional, long-established businesses that provide much of the employment in the region and are vital to our global OEMs through supply chain activity. Traditional manufacturing remains a vital yet declining feature of the Derbyshire economy and this is borne out in the DESS. Interventions are required to ensure this important part of the D2N2 economy is able to meet the challenges of growth. Demystifying innovation is key in this respect, emphasising that innovation is as much about efficient processes as new products. For example, new innovative products and processes that emerge from our major companies provide real challenges to smaller companies down the supply chain and D2N2 has a vital role to play in ensuring those businesses that form the backbone of employment are able to respond to change. This has the potential to form one of our 'critical opportunities for supporting growth' projects that could/ should attract the interest and support of Government funding.

Another major factor that needs further consideration is inclusivity and the need to emphasise the role the D2N2 LEP has in tackling economic exclusion and deprivation by ensuring activity promotes opportunity for all - including hard to reach individuals and communities. This is a key focus of the County Council and will be borne out in the DESS through the "Supporting People into Training & Employment" strategic objective. We note the real opportunities we have at our disposal to tackle key issues such as financial exclusion and the effects of welfare reform. This needs to be strongly echoed in the SEP narrative.

In relation to skills and employment, the SEP identifies that it will build on current best practice being undertaken across the D2N2 area and the Council feels this is the most appropriate use of resources – D2N2 investment should be an "enabling" mechanism to support, develop and roll out best practice where required.

The proposed key areas of intervention are all appropriate, relevant and ones the Council could support. However, many of the functions attached to each intervention are already being carried out (in many cases successfully by the Council) across D2N2. Developing new interventions will always result in an element of stakeholder management and D2N2 must consider it is has the capacity - or even whether it is appropriate - to develop its own "branded" interventions. If D2N2 does establish its own interventions such as the Employability charter, the SEP needs to clarify by whom and how these interventions will be delivered; which groups will be targeted and also how key provider stakeholders will be engaged.

If you have any questions regarding this response, please contact Frank Horsley, Head of Economic Regeneration on 01629 538348 or via email frank.horsley@derbyshire.gov.uk