

D2 JOINT COMMITTEE FOR ECONOMIC PROSPERITY

Update on D2N2 LEP

1. PURPOSE OF REPORT

- 1.1 To provide an update to the Joint Committee of key strategic issues in relation to D2N2 Local Enterprise Partnership.

2. DISCUSSION/ DECISION REQUIRED BY THE MEETING

- 2.1 **It is requested the Joint Committee notes the various updates provided in this report and considers how it can be further involved in the shaping of D2N2 strategic activity.**

3.0 ISSUES

3.1 Strategic Economic Plan refresh and D2N2 Operational Plan 2017/18

- 3.1.1 D2N2 has commenced a review of the Strategic Economic Plan (SEP) with the objective of publishing a revised document by the end of 2017. The refresh will reflect on significant political and macro-economic changes that have taken place since 2013 (notably Brexit) as well the progress and performance made to date in delivering the SEP. The refresh will also need to consider the challenges set out in the “Building our Industrial Strategy” Green Paper and the Midlands Engine Industrial Strategy which place more emphasis on “place” in delivering economic growth.

- 3.1.2 D2N2 Board has instructed the D2N2 officer group, LEPOG, to lead the SEP review and initial discussions have segmented the task for delivery over the coming month. The review will focus on the following elements:

- Inclusive growth and productivity, against the existing strategic priorities and key sectors.
- Housing, employment land and connectivity

- 3.1.3 With respect to providing a more effective focus on “place”, four strands of strategic activity have been identified: Metro, rural, town centres/market towns and former industrial areas – although the latter strand typically overlaps with rural and market towns. A *strategic framework* consultation document will be published in the summer.

3.1.4 The D2N2 LEP's Operational Plan 2017/18 was presented to D2N2 Board on 10th March. The Plan sets out how the D2N2 LEP will deliver its activity over the next 12 months and underpins the delivery of the SEP and the proposed refresh.

3.2 Skills & Employability Strategy

3.2.1 The draft Strategy was published for consultation in December with comment/feedback sought from all D2N2 local authorities. A collective response for D2 was provided via the Derbyshire Economic Partnership and the Skills and Employment Board, whilst both upper tier authorities have provided additional, direct feedback. D2N2 is currently drafting a further revision based on the feedback received by the end of March.

3.2.2 The draft Strategy aims to set out a comprehensive three year plan for joined up delivery of skills, employment and social inclusion programmes required to deliver the D2N2 55,000 new jobs target. The over-arching priority is for the LEP and stakeholders to lobby central government for national changes and more local control over how skills delivery should be tailored to local need. Five key priorities are identified in the Strategy:

- 1) Preventing educational organisations from operating like market orientated organisations ie. focusing on protection of funding as opposed to high quality outcomes for students
- 2) Ensuring coherent and targeted information and guidance (IAG), careers insight and specialist careers support for young people and adults to raise, aspiration, participation, employability and retention.
- 3) Meeting the needs of local employers – supporting them to fill vacancies and getting people work ready
- 4) Developing coherent pathways linking schools to Further Education (FE) and FE to Higher Education (HE)
- 5) Developing coherent pathways from engagement in the community to skills provision to improve employability

3.2.3 To summarise views and responses to date, at the moment the draft Strategy is considered to be more of an evidence base and highlights D2N2's current position. Feedback from local authorities has focused on the need to place greater emphasis on articulating the key priorities, how will they be achieved, by when and by whom. Links to the fundamental principles of the D2 Guildhall (strengthened inter-relationships between the labour market (supply), local businesses (demand) and education establishments (provision) need to be drawn out in the next iteration of the Strategy to demonstrate how our understanding of the skills gap is driving provision and ultimately, a labour market that can meet the economic needs in the county.

3.2.4 There is broad support to overarching principles of the draft Strategy but although the existing 5 priorities listed are generally acceptable, there remains

a need to ensure the infrastructure required to deliver skills and employment objectives is effective and in place.

3.2.5 Other common themes in terms of feedback include:

- Format and length of the document - too much detail in some places and not enough in areas such as the action plan. Use of tables would help to present key messages/ issues such as the skills gaps.
- Pitch – The Strategy is short term (3 years) but the significant skills challenges are more long term (e.g. impact of Midlands Engine and Industrial Strategies). There needs to be more emphasis on local issues and ‘place’. Also needs to reflect the significant growth that has taken place recently and the implications for skills in the medium term.
- Content – some information/ challenges missing e.g. transport and rural accessibility; transport to higher education establishments. The difference between enterprise skills and employability skills needs articulating. Vocational skills and opportunities need to be drawn out.
- Impact of the apprenticeship levy - there is a proposal to create a Regional Sector Skills Group.

3.2.6 Members should note that a review of D2N2 governance will shortly commence, led by Board member David Williams. A part of the review, it is advisable that the role of the Skills Commission is scrutinised to ensure it links effectively with providers and employers (notably the D2 Skills and Employment Board) in line with “Guildhall” principles and ensures the effective delivery of the recently contracted ESF programmes which will be at the centre of realising D2N2 objectives in skills and employment.

3.2.7 Allen Graham (Chief Executive, Rushcliffe and lead officer for the skills review) presented the draft Skills and Employment Strategy to the N2 Economic Prosperity Board (EPB) on 24th February. The N2 EPC has agreed to identify a district member to be “skills champion” to support the skills work and attend relevant meetings to ensure political representation within the current and future governance arrangements. Cllr Cheryl Butler from Ashfield District Council has taken up the role. The EPB also considered carrying out a county-wide review of those existing projects and programmes aimed at improving employability skills and to receive a report on the outcome of the Area Based Review of FE provision in D2N2 which is currently being concluded.

3.3 D2N2 Growth Hub

3.3.1 The D2N2 Growth Hub is now fully operational and contracted to deliver; within Derbyshire, this includes the delivery of the “Enhanced Local Services” element of the ERDF project. The D2 Business Advice and Guidance Service is being delivered by NBV Ltd and has resulted in three extra business

advisors now being operational providing support and advice direct to businesses.

3.3.2 Alongside the enhanced resources providing business advice via the Growth Hub, a number of new ERDF programmes are also operational across D2 focusing on promoting energy efficiency (D2EE) and providing funding for business growth (D2 Economic Growth Fund). Furthermore, programmes to support inward investment (Invest in D2N2), the visitor economy (Growing and Developing the Visitor Economy in Derbyshire) and ICT/broadband (D2N2 Digital Business Support Programme) will be operational in the near future. This represents a significantly enhanced level of service and provision for local businesses and some key targets for economic growth have been set through these programmes. The Derbyshire Economic Partnership and the LEP will receive regular updates on progress against planned targets for the duration of the programmes.

3.3.3 Growth Hub penetration rates as a proportion of local business population are set out in the following table. D2 take up (as compared to N2) is encouraging and the figures highlight that the three local authority areas (asterisked) where dedicated resource has been active for most of 2016 have enjoyed the highest penetration rates. The mobilisation of additional *Enhanced Local Services* will increase future penetration rates across the county.

Local Authority Area	No of Businesses (ONS 2016)	Growth Hub Interventions	% age	Ranking
Ashfield	2,800	83	2.96	11 =
Bassetlaw	3,875	85	2.19	16
Broxtowe	3,180	97	3.05	9
Gedling	3,385	82	2.42	14
Mansfield	2,645	103	3.89	6
Newark & Sherwood	4,675	115	2.45	13
Rushcliffe	5,155	123	2.38	15
(Total Notts County Area)	(25,715)	(688)	(2.67)	
Nottingham City*	8,480	887	10.45	1
Amber Valley	4,430	143	3.22	8
Bolsover	4,080	85	2.08	17
Chesterfield*	3,275	282	8.61	2
Derbyshire Dales*	4,640	348	7.50	3
Erewash	3,595	118	3.28	7
High Peak	3,820	150	3.92	5
North East Derbyshire	3,305	98	2.96	11 =
South Derbyshire	3,625	110	3.03	10
(Total Derbys County Area)	(30,770)	(1334)	(4.33)	
Derby City	7,000	368	5.25	4
Total	71,965	3,277	4.55	
Out of Area		242		
Grand Total		3,519		

3.4 Local Growth Fund: Growth Deal 3

- 3.4.1 The Joint Committee will be aware that supported by Government's £12 billion Local Growth Fund programme, the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) had agreed two 'Growth Deals' making available approximately £196 million of resources for projects. This funding covers a six-year period up to and including the year 2020-21, supporting projects including the (completed) Seymour Link Road at Markham Vale and the (ongoing) Our City Our River.
- 3.4.2 The launch of the Midlands Engine Strategy on 9th March 2017 was accompanied with the announcement of further Growth Deals for Midlands Local Enterprise Partnerships (LEPs). D2N2 has been allocated £62.99m which will be available over the period 2018-19 to 2020-21. The Deal is aligned to published list of top 20 projects (taken from the D2N2 submission) set out below:

Housing and Regeneration - Unlocking Stalled Sites	
Project Name	Project Description
Woodville-Swadlincote Regeneration Route	A link road from the A5111 to the Brownfield 'Tollgate Park' site. The initiative allows development of the site to take place creating 1873 jobs and 173 homes.
Housing Zone Urban Village	Castleward is a 12 hectare (30 acre) brownfield regeneration site in Derby currently undergoing redevelopment to create a new community of sustainable homes and businesses. This £100 million project is located between Derby Midland Station and the city centre and will create around 439 new homes and 3,200 to 11,900 sqm of commercial space.
Sherwood Energy Village	Speculative development of 32,000ft ² (2,973m ²) of industrial (B1/B2/B8) floorspace sub-divided into 10 units. The project will provide good quality space for inward investment and business growth in the Ollerton area.
Riverside Business Park	A new bridge and access road from the A6 into the business park and the development of 130,000 ft ² of mixed use (A1, A3, B1, B2, B8, and C1) floorspace.
Foundry Park	A 8,100 m ² of new employment floorspace at Foundry Park. LGF investment in Phase 1 would see 2.11 ha of land remediated and redeveloped. Subsequent phases would see a further 6.75 ha of land redeveloped for employment use.
Sherwood Visitor Centre	A new visitor centre at Sherwood Forest to replace an existing visitor centre for the forest, alongside small improvements to walking and cycle routes.
D2N2 Sustainable Transport Phase 2	A package of sustainable transport investments which will prepare us for HS2. The second phase will follow on from the multiple projects across the LEP area delivered in Growth Deal 1 and 2.
Former	Delivery of site wide abnormal infrastructure works to unlock

Vesuvius Works	the wider £38m private sector led redevelopment of the brownfield former Vesuvius Works site in Worksop. The redeveloped site will provide over 26,000 sqm (280,000 sqft) of new employment floorspace with the potential to accommodate over 500 new jobs within the D2N2 LEP economy.
HS2 Strategic Sites	A fund to help acquire key strategic sites set to benefit from the development of the HS2 rail network such as Staveley.
Town & City Centre Renewal	
Project Name	Description
N2 Town Centres Package	Works to renew various town centres across the Nottinghamshire area. This will be done through a series of measures such as market refurbishments, renovations, reclamation and redevelopment.
Nottingham Castle	A project to redevelop and reposition Nottingham Castle as a world class visitor destination and anchor tourism asset.
Southern Gateway	Refurbish the Broadmarsh bus station and car park, provide a tram stop, and deliver new retail units on the ground floor of the car park and public realm improvements. The project will support the wider regeneration of the shopping centre and contribute towards the Southside Transport Strategy.
World Heritage Site Regeneration	The project will create a new inspirational museum and visitor attraction through the wholesale renovation of Derby Silk Mill, the site of the world's first factory and part of the UNESCO Derwent Valley Mills World Heritage Site.
Masterplan Phase 1: City Gateway	The demolition of the former Assembly Rooms site and creation of a new external events portal In Derby market place to create a performance venue in the city.
Innovation Led Growth	
Project Name	Description
Connect Business Growth Hub	The project will see the construction of 3,113 sq m of good quality business accommodation to accommodate 12 – 15 businesses per annum and provide access to business support facilities. The project will help businesses from creative industries to grow and thrive in the local area.
NTU MTIF Centre	Creation of a unique multi-partner integrated dual site medical devices and advanced materials convergent technology centre that will increase the speed and efficiency of healthcare-related commercial product development.
Rail Research and Innovation	A new centre to support growth among rail supply chain businesses, housing three technology demonstrators: automated repair and refurbishment, advanced scanning technologies and a virtual reality studio.

Centre	
Employment and Skills	
Project Name	Description
Confetti Creative Quarter Campus	A digital skills campus to bridge the gap facing the digital and creative sectors with learning delivered in an aspirational, enterprising and innovative programme and environment.
Derby College Institute of Technology	Renovation of two further education sites to encourage professional development in the engineering and construction sectors. The project will create 144 jobs and will support the development of 60 learners per year guiding them through higher apprenticeships
Canal Engineering	A programme of engineering courses spanning short courses for the unemployed to high level programmes and apprenticeships, delivered in a bespoke centre.
Brackenhurst Skills Centre	A new centre to provide a skills step change in the food, agriculture and horticulture sectors.

- 3.4.3 Given that the requested funding was just over £100mn (there is therefore c£40mn funding gap), the Joint Committee should note that work will need to be undertaken to ascertain whether the funding available is sufficient, together with local contributions, to bring forward all the listed projects and how this published list relates to the existing pipeline of projects.
- 3.4.4 It is likely that the D2 and N2 Joint Committees will be canvassed for views as part of the next stage in the process to review and refine the project list which may also include a further call for projects.

5.0 RECOMMENDATIONS

- 5.1 That the Joint Committee notes the contents of the report and specifically consider/ agree as appropriate the forward actions in relation to:**
- **Relevant D2 officers from LEPOG providing a report back to the Joint Committee on the emerging issues and proposals of the draft, revised SEP prior to releasing a formal strategic framework consultation document in the summer. Derbyshire County Council has agreed to lead on the preparation of a rural strategy document to underpin the SEP refresh.**
 - **The development of a regional (D2N2) Public Sector Skills Levy Working Group which would consider options and opportunities arising from the Levy e.g. joint standards, procurement etc**

- **Nominating a “skills champion” to secure input from elected member input from districts into the Skills & Employment Strategy and the proposed D2N2 Governance review.**
- **Receiving updates on the progress and performance of the various ERDF programmes linked to the Growth Hub at the appropriate frequency.**
- **Receiving a report on the outcome of the Area Based Review of FE provision in D2N2 which is currently being concluded.**
- **The D2 Joint Committee being canvassed for views as part of the process to consider and conclude its LGF priorities for delivery. *The Committee should note that consideration of any project for LGF funding will be subject to assessment against the D2N2 Local Assurance Framework.***