THE D2N2 LOCAL ENTERPRISE PARTNERSHIP

STRATEGIC ECONOMIC PLAN

“Strive for perfection in everything you do. Take the best that exists and make it better. When it does not exist, design it.”

Sir Henry Royce
Contents

Foreword ........................................................................................................................................... 3
Our Vision for Derby, Derbyshire, Nottingham and Nottinghamshire ........................................... 6
Priority Actions ................................................................................................................................. 16
Understanding the D2N2 Economy ................................................................................................. 22
Opportunities and Challenges for D2N2 .......................................................................................... 42
Our Approach and Key Programmes ............................................................................................... 46
Strategic Theme: Business Support and Access to Finance ............................................................ 49
Strategic Theme: Innovation ............................................................................................................. 54
Strategic Theme: Employment and Skills ......................................................................................... 61
Strategic Theme: Infrastructure for Economic Growth ................................................................. 68
Strategic Theme: Housing and Regeneration .................................................................................. 78
Governance and Implementation ...................................................................................................... 82
Headline Financial Proposals and Match-Funding ......................................................................... 88
 Freedoms and Flexibilities ............................................................................................................... 90
Foreword

It’s regions such as this and industries such as those that will determine the course of this recovery.”

Mark Carney, Governor of Bank of England, 28 August 2013, Nottingham

D2N2 is at the heart of rebalancing the UK economy, delivering high quality private sector jobs to implement the Government’s Industrial strategy. We compete in a global economy – our competitors are in China, North America and India.

This D2N2 Strategic Economic Plan is distinctive, supporting not only iconic D2N2 businesses, like Rolls Royce, Alliance Boots, Toyota, Speedo, British Sugar, Thorntons, Capital One and Bombardier, to compete but also our small and medium sized business and start-ups to grow faster, access finance, innovate and export. Through a targeted accelerated development programme we will provide the economic infrastructure to speed up delivery of key development and affordable homes for people to live in. By acting locally we can compete globally.

This Plan is also a call for urgent action.

As the birthplace of industrialisation, D2N2 has a proud heritage and is the UK heartland for manufacturing, engineering and innovation. Making things is in our economic DNA but our economy has yet to achieve its full potential.

Our businesses, connectivity, innovation, natural environment, iconic landscapes, exporting and cutting-edge manufacturing and engineering firms provide our competitive advantage. Implementing the key priorities of this plan will accelerate the rebalancing of our economy and the creation of new private sector jobs, new businesses and homes and share those benefits across our communities. It will increase productivity and raise living standards making D2N2 an even better place to live, work and invest.

This plan is strategic - providing sustainable jobs to meet the challenges of the future; tactical - targeting our distinctiveness through our competitive advantages and prioritised - identifying clearly the key priorities for 15/16 in the context of a broad pipeline of activity which will be developed with Government and communities.

Local areas should be the beneficiaries of local growth with increasing local control over the public revenues raised from growth. This plan further develops a framework of local freedoms and flexibilities to encourage action and incentivise risk and reward.

Finally, this plan brings together the leadership, know-how and drive of the private sector with the local knowledge and ethos of the public sector, Higher Education, Further Education and the Voluntary and Community Sector. As such it is a shared plan of action, with clear priorities, which we are delighted to commend to government and to the many and diverse of communities of Derby, Derbyshire, Nottingham and Nottinghamshire.
Peter Richardson, Chairman
D2N2

Professor John Coyne
Vice Chancellor, University of Derby

Dame Asha Kemka
Principal and Chief Executive, Vision West Notts

Chris Marples
Chief Executive, Inspirepac Ltd

Liz Fothergill
Chief Executive, Pennine Healthcare

Trevor Fletcher
Managing Director and Chairman, Hardstaff Group

Richard Horsley
Managing Director, QED Public Relations Ltd

Peter Gadsby
Chairman, Ark Capital Ltd

Robert Crowder
Chief Executive, Rural Community Action Nottinghamshire

Cllr Roger Blaney
Leader, Newark & Sherwood District Council

Cllr John Burrows
Leader, Chesterfield Borough Council

Cllr Paul Bayliss
Leader, Derby City Council

Cllr Anne Western
Leader, Derbyshire County Council

Cllr Jon Collins
Leader, Nottingham City Council

Cllr Alan Rhodes
Leader, Nottinghamshire County Council
Our Vision for Derby, Derbyshire, Nottingham and Nottinghamshire

In D2N2 we...

![Create Icon](image)

**Create**
- History of industrial and scientific innovation, from the factory system to cutting edge bioscience
- World class universities
- R&D intensive businesses large and small

![Make Icon](image)

**Make**
- Home of the world’s first factory
- Major tier 1 manufacturers and supply chains
- High value and high productivity niches and sectors

![Connect Icon](image)

**Connect**
- At the heart of the UK economy
- Excellent transport links to the rest of the UK and beyond
- Export strengths and markets around the world

Innovation is in our DNA...

From being the cradle for the industrial revolution and home to the world’s first factory, Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) remains a dynamic and diverse economy with enduring excellence in cutting-edge manufacturing and engineering, particularly transport, life sciences and construction. D2N2 combines the best of vital urban conurbations including the Core City of Nottingham and the Key City of Derby, with important sub-regional centres, attractive market towns and productive and diversified rural economies, within a high quality natural environment which enhances the quality of life for our residents as well as being a key economic asset. We have world-class universities and excellent innovative companies large and small, from Sygnature Discovery in Nottingham to Toyota UK, Alliance Boots, EoN and Rolls Royce. With developments like ‘BioCity’ and Infinity Park we can grow the firms of tomorrow. In D2N2, we create, we make and we connect.

At the very heart of the UK, with excellent and improving transport and digital connectivity, we have real export strengths and make a significant contribution to the UK’s export earnings. Building on our skilled workforce, innovative capacity, high-quality locations and vibrant urban and rural environment, D2N2 is the competitive location for business investment and has the potential to increase its rate of economic growth and make a significant contribution to achieving the Government’s ambitions for creating a more balanced and sustainable UK economy.
Our businesses say...

“For a growing CleanTech business the area is an ideal base as Nottingham University is a World authority on carbon fibre and that gives us access to leading thinkers, highly skilled workers and technology development opportunities that make this an excellent place for advanced composites design and manufacture. Direct trains to London and East Midlands Airport plus the impact of the Web mean that we can reach customers anywhere in the world with the technology we are developing.”

Lyndon Sanders – Director and General Manager FAR Composites

“The D2N2 region has the largest concentration of Rolls-Royce employees in the UK and Derby is the HQ location for our Civil Aerospace and Nuclear businesses along with many other facilities. Innovation is the lifeblood of our business which together with the skills of our employees is crucial to our success. The focus of the Local Enterprise Partnership’s strategy on business-led growth and innovation, infrastructure investment and raising the standards of local skills aligns with our objectives and is welcomed by Rolls-Royce.”

CP Smith CBE, Director – Engineering & Technology, Rolls-Royce plc

“The D2N2 public/private sector partnership will play a key role in raising aspirations in its area, and in bringing together all the ingredients needed for local businesses and local people to succeed.”

Terry Nash, Managing Director, Gusto Group Ltd

“Derby city and the surrounding region has rich industrial heritage upon which has been built an exceptionally strong Manufacturing and Engineering base which gives it great economic strength. Toyota understood these strengths when it decided to establish its first European car factory here over 20 years ago, one that it has continued to invest in ever since.”

Tony Walker, Managing Director, Toyota UK

“Nottingham has been the home of the Boots brand for over 160 years and we remain committed to our presence in the region. The central location works well for our logistics operations supported by the improving travel infrastructure. Further, access to a highly educated workforce and a thriving economy makes it the perfect location for any business wishing to locate to a world-class city.

We have a long history of innovation, particularly in Nottingham and the area’s current development focus on Life Sciences supports the business in achieving our vision for the Nottingham Enterprise Zone to be a UK centre of excellence for health, beauty and wellness, as well as encouraging new businesses into the Nottingham area.”

Mark Chivers, Enterprise Zone Director, Alliance Boots
Our Strategic Economic Plan

The D2N2 Strategic Economic Plan (SEP) sets out our proposals for raising growth rates in the D2N2 area, creating increased prosperity and higher levels of employment. We want to ensure that we harness the potential of all our businesses and people, and energise and empower our partners, in order to make the greatest possible contribution to national economic growth.

The SEP sets out our approach to achieving our ambitious Vision, based on a thorough understanding of economic opportunities and a clear logic for intervention where necessary to overcome market failure and tackle barriers to growth. The SEP includes our proposals for the use of Local Growth Funds (LGF), but its coverage goes far beyond LGF to bring together the plans of all local partners and stakeholders to support growth in the D2N2 area.

The Strategic Economic Plan takes forward the plans set out in our Strategy for Growth 2013-2023. Since this was published in July 2013 we have:

- Developed programmes of activity under each of our strategic themes
- Identified the freedoms and flexibilities we wish to request from Government in order to accelerate growth in the D2N2 area
- Increased the accountability and inclusivity of the LEP’s decision making through strengthened governance, including agreement to establish Economic Prosperity Committees (‘Joint Committees’ for D2 and N2).

Our Vision for Growth

Our vision and ambition is built on our knowledge of the D2N2 economy, recognition of the challenges and opportunities of the 21st century global economy and our understanding that economic growth is not an end in itself. Economic growth enables individuals to access the opportunities to lead productive and rewarding lives, our society and culture to flourish and allows us to protect and enhance our environment, creating a sustainable, low carbon future for the D2N2 area.

Our Vision is that D2N2 will become a more prosperous, better connected, and increasingly competitive and resilient economy, at the heart of the UK economy, making a leading contribution to the UK’s advanced manufacturing and life sciences sectors and generating significant export earnings for UK plc. We will create a D2N2 which provides a great place to live, work and invest.
Our Vision:

A more prosperous, better connected, increasingly resilient and competitive economy

We will invest in five strategic priorities:

- Business Support and Access to Finance
- Innovation
- Employment and Skills
- Infrastructure for Economic Growth
- Housing and Regeneration

Our priority sectors are:

- Transport and Logistics
- Creative Industries
- Food and Drink Manufacturing
- Visitor Economy
- Low Carbon Goods and Services
- Manufacturing
- Visitor Economy
- Manufacturing
- Creative Industries
- Employment and Skills
- Innovation
- Infrastructure for Economic Growth
- Housing and Regeneration

By 2023, we will have created:

55,000 additional private sector employee jobs

Our Targets

Our Growth Strategy set out one single target – to support the creation of an additional 55,000 private sector employee jobs in D2N2 by 2023, shifting the balance to more private sector jobs. Every action proposed in this Strategic Economic Plan will help us to move towards this target, by inspiring economic growth and supporting firms to innovate, invest, export, grow and create sustainable jobs.

By 2023, this will mean that D2N2 is recognised as a place which:

- Inspires and supports people to achieve their potential
- Has an economy that provides opportunities for our young people to live, work and prosper
- Builds on our strengths to create well paid and rewarding jobs for local people in our key growth sectors
- Has developed the innovation ecosystem to accelerate economic growth
- Exploits opportunities in the fastest growing markets across the globe
- Is the best connected place in the country, at the heart of the national economy, with all communities able to contribute to growth and prosperity regardless of location
- Is home to Nottingham, one of England’s eight ‘Core Cities’ and the leading city in the UK for life sciences
- Is home to Derby, one of England’s ‘Key Cities’ and the leading city in the UK for transport manufacturing and engineering, having celebrated 175 years of rail manufacturing in 2014
- Presents a world-class destination of choice for visitors and investors alike
- Has a high quality natural environment that is recognised as an economic asset
- Ensures the benefits of growth are shared by all.

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1 See The State of the D2N2 Economy 2013 report for an explanation of the sectors in which these jobs are expected to be created, p40, http://www.d2n2lep.org/write/Audio/State_of_D2N2_Economy_Report.doc
To achieve these ambitions, we need to put in place the infrastructure and conditions that will support business and employment growth, including:

- A business support system that responds to the specific needs of businesses in the D2N2 area and promotes business start-up and growth;

- A range of tools to ensure that businesses can access the financial support they need;

- An innovation ecosystem that commercialises cutting edge R&D and supports product and process innovation within businesses, including developing the skills needed to develop more innovative businesses and driving innovation through supply chains;

- A skills and training system which ensures our young people are properly prepared for work, enables employers to access the skilled workers they need and supports people, including our most disadvantaged individuals, to develop their skills and employability to gain, retain and enhance employment and earnings;

- Economic infrastructure that meets the needs of the 21st century economy, including a world-class transport system, building on existing excellence, that allows us to capitalise on our position at the heart of the UK’s road and rail network, with links to international markets via East Midlands Airport, other airports including Manchester, Robin Hood and Birmingham and, in future, HS2, alongside excellent local connectivity, a range of employment locations to suit our diverse business base, digital infrastructure that reaches all parts of our geography, and a housing offer that reinforces the vibrancy of our cities, towns and villages and attracts and retains the high quality workforce that our businesses need.

**Key Economic Assets and Opportunities**

The key economic assets and opportunities that will help us to achieve this ambition are shown in the map overleaf:
D2N2: The UK’s Most Inspirational Postcode – Final – VERSION FOR SUBMISSION TO GOVERNMENT

Wider Peak District
- Economic assets include the Peak District, including the National Park and the upland rural economy. hilltop market towns, Chatsworth, the University of Derby at Buxton.
- Derwent Valley Mills World Heritage Site, and sites at Glossop and Bakewell.
- The area is of national importance for mineral extraction, has higher than average manufacturing and advanced manufacturing employment, and is home to some major employers, including the HS2 headquarters in Buxton. High Peak has a close relationship to the Green Manchester / North West economy, which will be further strengthened when the Manchester Airport East Link road scheme (GMMLP) opens in 2027.
- Economic opportunities include Holmfield Quarry and Bakewell Road in Matlock; Cromford M25 Middleton Road, Whaley Bridge; Rossington Park; Penn Abbey, Woods Hall, Glossop; Boston Water site; Bakewell Riverside and employment sites at Chapel-en-le-Frith.

North-Eastern Derbyshire
- Has a close relationship with the South Yorkshire economy and continued strength in manufacturing and engineering despite the challenges of transition from an industrial economy.
- The M1 is an important asset, with many strategic sites along the M1 corridor.
- Economic opportunities include Broole Park, Stevenage, Barlestone, Litchfield, Coalville.
- Major Park: The Avenue; County Green Business Park; former Blasters site; Bridge St
- Ll Est and NEDCO Deposit. Bridge St: Northern Gateway, Tansley Commerce and Chatsworth Rd in Chesterfield.

Derby
- A high wage, high skill economy based around planes, trains and automobiles, with key employers including Rolls Royce and Bombardier.
- The University of Derby is an important economic asset and Infinity Park is a key development site.
- Transport improvements include improvements to the A51 junction.

Southern Derbyshire
- Benefits from strategic connectivity via the ASO and A423
- Key employers include Toyota at Burnaston
- National Forest provides a cultural / visitor economy boost.
- Economic Opportunities include Tetenhall Point / Cadby Hall, Smethwick Woodland Regeneration Area, Dove Valley Park, Foston

M1 Corridor Central D2N2
- Provides vital connectivity to Manchester
- Key sites include: Castleton, Buxlow, Nottingham N169, Ripley, Stanton Ironworks, Caves Park, Hawton Industrial Estate, Shipley Lakeside.

Nottingham Urban Area
- Nottingham is one of the eight Core Cities and has a number of important economic assets including the Creative Quarter, the Nottingham Enterprise Zone, the University of Nottingham and Nottingham Trent University, and is home to major employers including Alliance Boots and BAE. It has a vibrant cultural and visitor offer, including the Playhouse and Nottingham Contemporary.
- Economic opportunities include Gedling Colliery and Coal Park.
- Transport improvements include the doubling of the A453 between Nottingham and the M1, J24 Nottingham Express Transit, Nottingham Rail Station improvements and the Gedling Access / A61 Road.

Boroughs / North Nottinghamshire
- Benefits from the presence of Washop as a service centre, the East Coast Mainline (Bolsover), the cultural assets of the Pilgrim Fathers’ heritage and the Rutlands and key local employers including Weekes and B&Q.
- Development sites include the sites of Harworth and Urban Park, and the area will benefit from the improvements to the A57.

Mansfield, Ashfield and Central Nottinghamshire
- Continues to have high levels of employment in manufacturing and engineering, with key employers including Rolls Royce (Heywood). Benefits from cultural and visitor economy assets including Sherwood Forest.
- Key sites include Lindhurst, Sherwood Growth Zone, and Sherwood Energy Village.

Eastern and Southern Nottinghamshire
- This area benefits from the East Coast Mainline (in Newark) and will benefit from high levels of housing demand in the Newark area (the Newark housing growth zone) and strong economic linkages with Lincolnshire.
- Benefits from a cluster of tech companies including intepHONE and Tecvo, an important food manufacturing sector, and cultural assets such as the Civil War heritage at Newark.
- Transport improvements include the doubling of the A46 from Newark to Widmerpool. Significant potential for growth along with A46 corridor.

Other Infrastructure Improvements
- High Speed 2 including proposed station at Toton
- Midland Mainline electrification
- Broadband improvements
A Track Record of Delivery
Since its formation in 2010, D2N2 LEP has established a strong track record of inspiring, facilitating and delivering economic growth.

We have already established:

- A detailed and independent evidence base – ‘the State of the Economy’ reviewed annually and supported by a balanced scorecard performance management framework
- A six year project pipeline of key infrastructure packages including broadband and transport from which we have drawn our headline asks
- An innovation programme bringing together key employers with our three universities
- A Skills Plan, endorsed by the Secretary of State to achieve employer-led skills delivery
- A growth hub providing a single front door for business – www.businessadvicewebsite.com in partnership with the Chamber of Commerce, CI, IOD, FSB and local business support organisations
- Sector development plans including the publication of our Low Carbon Action Plan
- Localism in action
  - Establishment of local government joint committees to drive and join-up economic growth across D2 and N2 respectively and commitment to review the opportunities for embedding further governance frameworks
  - Developing a growth plan for the Peak District with Business Peak District and Peak District National Park
  - A social inclusion framework in partnership with our VCS.
  - Scoping with local MP an outer estates programme in North Nottingham
  - A partnership with Toyota to help deliver the Local Nature Partnership
  - A draft Growth Deal identifying key freedoms and flexibilities
- The Nottingham Enterprise Zone, Growing Places Fund programme and Unlocking Investment for Growth RGF programme
- An ESIF programme to provide further fuel to deliver the Strategic Economic Plan and directly complement the Local Growth Fund
- A communications plan in partnership with local media and other key agencies to highlight LEP transparency and accountability
- An implementation plan that will bring together the ‘single pot’ of EU, national and local funding together with our key freedoms and flexibilities into a clear and manageable delivery plan with business cases for our headline projects

Our Approach
D2N2 is a lean, business led partnership focussing on inspiring economic growth and job creation. Our approach to our SEP and our use of LGF is based on the following key principles:

Adding value through strategic prioritisation of transformational investments in the area of manufacturing, innovation and connectivity

Inspiring others to deliver our shared priorities whilst focussing on strategy and performance management

Acting together: harnessing the power of partnership across the local authorities and pooling resources to achieve increased impact across the D2N2 geography

Shaping national programmes to meet local needs, building on what works and taking the best of our partners’ programmes a scaling them to benefit the whole area.

Our Offer to Government
The proposals set out in our Strategic Economic Plan will enable the D2N2 partners to support significantly increased economic growth, contributing to a number of the Government’s key priorities:

- We will contribute to re-balancing the UK economy as foreseen in the 2011 Plan for Growth, by increasing the number of private sector jobs and strengthening our key sectors through flagship interventions including the development of our Enterprise Zones and
other strategic sites, establishment of an HS2 Skills Academy, a major Innovation Programme drawing on research with businesses in our priority sectors, and the establishment of the Growth Hub to support business growth across D2N2.

- We will prioritise sectors, in line with the Government’s Industrial Strategy. Our focus will be on sectors in which we have exceptional strengths – including transport equipment manufacturing, life sciences and low carbon goods and services - where we have greatest potential to increase employment, exports and GVA.

- Our low carbon goods and services sector and low carbon action plan provide D2N2 with a competitive advantage from which all businesses can benefit, and will support the ambition of the Strategy for Sustainable Growth for a sustainable, greener economy.

- We will support the City Deal, agreed between Nottingham and central Government in 2012 and its enhancement through our Growth Deal to extend its benefits across the area.

Our offer to Government is that in the period to 2023, we will deliver:

- 55,000 additional private sector employee jobs in the D2N2 area
- A step change in skills levels amongst our workforce and young people
- A significant increase in our business base
- The 77,000 additional homes we will need to accommodate our growing population².

- Leverage of funding through our City Deal, EU Structural and Investment Funds and private sector investment.

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² CLG Housing Projections, NB projection period is 2011-2021

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Our Ambition on Jobs

The programmes and investments identified in this Strategic Economic Plan will contribute to the creation of 55,000 additional private sector employee jobs in the D2N2 area between 2013 and 2023. As shown in the chart opposite, this requires a step change in jobs growth as the D2N2 economy emerges from recession.

Our aim is not only to grow our economy but to re-balance it. During the 1998-2008 growth period, just over 30,000 jobs were created in D2N2. However, the number of private sector jobs actually fell by some 2,200³.

Between 2013 and 2023 we want to ensure that the vast majority of employment growth in D2N2 (nearly 93%) results from a thriving and growing private sector business base, rather than being dependent on public sector expenditure⁴. The scale of this challenge is shown opposite:

³ Public sector jobs are assumed to be those in the public administration and defence sector, plus the majority of those in the health and education sectors. Private sector jobs are the remainder.

⁴ We recognise that our growing population will result in some growth in public sector employment (in sectors such as education and health).
To achieve our ambition we need to invest in programmes which will support a step change in private sector job creation in D2N2, including:

- the provision of a range of business support services, available to all our businesses, that respond to businesses needs and encourage business growth;
- providing access to the finance that businesses need to grow;
- a programme of innovation investment that supports our companies to develop new products and processes and gives them the skills to invest in innovation;
- ensuring our workforce and young people have the skills businesses need to grow and prosper in the 21st century economy;
- creating the sites and premises that will allow our indigenous businesses to grow as well as attracting inward investors from across the world;
- ensuring our transport and broadband infrastructure enable growth rather than constraining it; and
- ensuring we have the appropriate mix of housing for economic growth.

This will allow us to significantly increase the rate at which private sector jobs are created, which will be vital if we are to achieve our target of creating 55,000 additional private sector employee jobs.

### Our Ambition on Housing

Providing the housing that our economy needs to achieve its growth potential is a crucial component of our overall strategy. Our ambition is to accelerate the delivery of 77,000 new homes needed to support growth in D2N2, helping to make it an attractive and aspirational place to live and work. We will work within the strategic framework provided by the local authorities’ Local Development Framework housing policies and allocations, accelerating development where possible and helping our partners to overcome the barriers and constraints which may delay development of key schemes.
Priority Actions

With partners, D2N2 will pursue a range of interventions and key actions to support sustainable growth and recovery and to achieve our headline ambition of 55,000 additional private sector employee jobs by 2023. Our Board has agreed that our actions should be structured within four key themes. The priority actions within each of these themes are shown in the tables below:

### Innovation-Led Growth: Leveraging our key OEMs and their Supply Chains

#### Headline Local Growth Fund asks for 2015/16 include

**Creative Quarter**
As the flagship Nottingham City Deal project, the Creative Quarter supports D2N2’s priority sectors of creative industries and life sciences. This programme involves the expansion of Biocity, the provision of workspace to expand premises for new business, together with the refurbishment and upgrading of vacant properties. In conjunction with removing barriers to developing the Island Site these initiatives will create a dynamic environment where new and existing innovative business will prosper. The Creative Quarter is already starting to flourish as a creative industries cluster, this will enable it to realise its full potential.

Outputs: 7103 Jobs 3350 dwellings

**Nottingham Enterprise Zone**
D2N2’s priority project, supported by central government, the development of the four sites within the Enterprise Zone is vital to support technology-intensive companies that will define D2N2’s international reputation. This programme will help open up access to the sites for employment and housing use, including improved pedestrian routes, upgraded canal bridge, cycle links, cycling facilities, bus and green infrastructure.

Outputs: 6871 Jobs 365 dwellings

**Infinity Park**
Infinity Park Derby will exemplify Derby’s future thinking and global influence within the advanced engineering sectors, including the automotive, rail and aerospace industries and their supply chain. This priority project delivers flood alleviation, highway access and other infrastructure works to accelerate delivery and open up Phase 2 of the Innovation Hub to provide world class innovation employment space, ICT, business and technology support.

Outputs: 2750 jobs

**D2N2 Business Growth Fund**
The Business Growth Fund will build on the success of existing RGF-funded activity in D2N2 which is due to conclude shortly, using proven mechanisms to ensure successful investments and excellent value for money. The Business Growth Fund will be a flexible fund, linked to the Growth Hub, that will offer incentives to support SMEs and inward investors, particularly in our priority sectors, to make capital investments to accelerate growth, create sustainable employment and enable innovation to enhance competitiveness. We will also sustain visitor economy marketing campaigns linked to our identified key attractor assets to promote increased visitor spend and employment growth within the visitor economy.

Outputs: 400 Jobs

**Our priority actions include:**
- Developing a D2N2 Growth Hub by July 2014 – with physical presence in
Nottingham to provide businesses with the support they need to start-up, grow and take advantage of enhanced digital connectivity

- A portfolio of access to finance solutions, ensuring our businesses can access the financial support they need to grow
- Support for key Growth Sectors through investment in infrastructure, technology and sector Growth Hubs, set out in our sector development plans and funded through a range of sources, including our Business Growth Fund
- Support for companies within growth sectors to grow and innovate
  - A network of advanced innovation and incubation facilities: A University Enterprise Zone; Innovation Centre at Infinity Park, and new development at BioCity and MediCity
  - Innovation and growth programmes, including networks and access to finance, building on successful schemes like Growth 100, Next Business Generation, Derby Enterprise Growth Fund and the Creative Quarter in Nottingham, and helping to support research and development
- Supporting skills for innovation including the Institute of Sustainable Engineering, rail training centre and getting graduates into existing businesses and starting their own enterprises
- Support for international trade and investment links through our delivery partners

**Broadmarsh and Southern Gateway**
Reinvigorating the southern entrance to the City Centre of Nottingham, this programme ensures the Southern Gateway including Broadmarsh will be transformed through transport and public realm infrastructure investment linked to the £150m investment (Intu and City Council) in the Broadmarsh centre, £40m new Station Hub, a new integrated college site and Nottingham Castle redevelopment. This will support comprehensive development, the growth of the D2N2 priority sector of the visitor economy and greatly expand Nottingham’s retail offer.

Outputs: 9900 Jobs 900 dwellings

**Our City Our River, Derby**
A comprehensive programme of capital infrastructure interventions, designed to unlock substantial economic regeneration of brownfield opportunity sites; incorporating innovative flood resilience, alleviation, and defence measures

Outputs: 6000 Jobs 600 dwellings

**Chesterfield town centre and A61 Growth Corridor**
Development of Chesterfield Waterside and commercial development around the canal basin. Includes A61 Whittington Moor Roundabout. Major junction improvement and committed Local Transport Board Majors priority scheme.

Outputs: 3700 Jobs 1980 dwellings

**Derby A52 Pride Park**
Major junction improvement and committed Local Transport Board Transport Majors priority scheme. Will support 3200 new jobs on Pride Park and the Derwent Triangle.

Outputs: 3200 Jobs

**Rolls Royce site, Hucknall**
Access and infrastructure works to facilitate 27.1ha business park and residential development

Outputs: 2200 Jobs 900 dwellings

**Woodville/Swadlincote Regeneration Route & Drakelow Park**

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**Accelerating Commercial and Residential Development**

**Headline Local Growth Fund asks for 2015/16 include**

The delivery of place-based packages comprising projects to deliver modal shift to create headroom for growth, targeted pinch point schemes on the road network, multi-modal corridor improvements, new access infrastructure and other targeted infrastructure measures to unlock our key sites including:
Unlocking up to 35 hectares of land for redevelopment
Outputs: 2160 Jobs 2539 dwellings

*Markham Vale Enterprise Zone*
Seymour Link Road. Regeneration Route and committed Local Transport Board Transport Majors priority scheme.
Outputs: 2114 Jobs

*A46 corridor projects, Rushcliffe*
Facilitating 3 urban extensions on the edge of Nottingham
Outputs: 2000 Jobs 3500 dwellings

*A57 / A60 Junction, Worksop*
Major junction improvement and committed Local Transport Board Transport Majors priority scheme. The scheme will contribute towards enabling 1,805 new jobs and 1,175 new homes.
Outputs: 1805 Jobs 1175 dwellings

*Key Mixed Use sites in the Peak*
New access routes to facilitate development at Ashbourne, Bakewell Riverside, Fairfield Link, Buxton
Outputs: 1450 Jobs 810 dwellings

*Sherwood Growth Corridor*
Providing highway improvements to bring forward 5.8Ha of employment land and the Mansfield urban extension
Outputs: 1000 Jobs 1700 dwellings

*Newark Southern Link Road*
Unlocking a major strategic mixed use site to the south of Newark to facilitate an urban extension
Outputs: 800 Jobs 4050 dwellings

Our priority actions include:

- A programme of strategic economic infrastructure investment packages to accelerate the delivery of jobs and homes
- A Large Sites programme in partnership with HCA
- Superfast broadband connectivity across D2N2
- Work with partners to fully capture the benefits of HS2 (see HS2 and East Midlands Connectivity)

**A D2N2 Skills Deal**

**Headline** Local Growth Fund asks for 2015/16 include;

**A Single Further Education Hub for Nottingham**
The Nottingham Skills and Employment programme will involve integrating FE provision and employment opportunities across the city that will meet the demands of business. It will provide a new physical College hub in the heart of Nottingham’s Creative Quarter, with employment spokes in our communities, which will complement existing Work Programme, Youth Contract, Employer and Apprenticeship Hubs. The Nottingham Skills Hub will respond directly to the needs of local employers; supplying the skills required for Nottingham’s key employment and growth sectors. It will promote and develop entrepreneurial behaviours, career aspiration and transparent progression pathways into employment, within fit-for-purpose, industry-standard facilities.

Outputs: 490 Jobs

New integrated FE and Skills provision delivered via close collaboration and serving Nottingham its sub-region and 1,200 additional learners per year within 3 years

**Chesterfield Centre for Higher Level Skills I**
The new Centre for Higher Level skills will deliver a step change in higher level skills opportunities and support the economic growth and resilience of businesses and the workforce in Chesterfield and North East Derbyshire. A clearly visible progression pathway from Apprenticeship to Higher Apprenticeship will encourage and provide a greater opportunity to young people with more choices post-16. The University Centre will provide innovation support to stimulate business collaboration and by providing eight business incubation units a programme of enterprise and entrepreneurship support.

Outputs: 1483 new students over 5 years who would have access to higher and vocational pathways

**Hudson Building, Derby**

Derby College will be able to offer more opportunities in construction for young people across all age ranges as well as offering more flexibility. The College will expand its apprenticeship provision across all levels as well as offering a broader range of apprenticeships and programmes such as qualifications in ground-working, low carbon construction techniques, retro fit and environmental construction and roofing.

Outputs: 2000 new students over 3 years, 96 new apprenticeship opportunities within the first year.

**Vision University Centre, Mansfield**

The Vision University Centre will create a new teaching and learning space with state of the art facilities to support local people gain higher level vocational skills. The new University Centre will build on the success of the local HE provision offered by West Nottingham College in partnership with local universities. Creating more opportunities to access higher level skills locally will support increased progression to HE among young people and ensure local employers can access the higher level skills they need to support the growth of their businesses.

Outputs: The new University Centre will support in excess of 600 new HE learners over 3 years, including an additional 100 Higher Apprenticeships

**Broomfield Hall, Derbyshire (redevelopment)**

The fit-for-purpose land-based skills campus and sports analysis centre will prepare over 500 learners with new emerging careers. Broomfield Hall delivery will be based around vocational and apprenticeship provision.

Outputs: 176 new apprenticeship opportunities within the first year.

**Our priority actions include:**

Transformation of facilities for HE/FE including:

- A new campus at Basford Hall, Nottingham will be a regional hub for training in construction, science, technology and sustainable technologies. The campus will be a true ‘community college’ which reflects the hopes and aspirations of those living nearby.
- An integrated Nottingham Skills Hub providing a new physical integrated college serving Nottingham and Nottinghamshire in the heart of Nottingham’s Creative Quarter.
- A University for Mansfield and Chesterfield will deliver a step change in higher level skills opportunities and support the economic growth and resilience of businesses and the workforce in Mansfield, Chesterfield and North East Derbyshire.
- The HS2 College is a significant opportunity to build on the specialist facilities and extensive relationships with employers that already exist, and all stakeholders are committed to working collaboratively to provide a centralised locality.
- UTCs for Derby and Nottingham will provide specialist education and work-related opportunities for local students. The Derby Manufacturing University College will specialise in engineering and technology skills and
the Nottingham University Academy will specialise in science, technology, engineering and maths.

- The Vision Studio School at Mansfield will provide an exciting, vibrant and dynamic learning experience for young people aged 14-18 and will specialise in Engineering, Transportation and Health and Care occupations.

Meeting the Needs of Key Sectors:

- Sector Consultative Task Groups and action plans are being formulated to inform workforce growth, development and on-going consultation.

- A holistic employer and sector-led engagement strategy.

Increase Employability and Enterprise Skills:

- A D2N2 Employability Framework to help young people to be more job ready, support school IAG, skills competitions, events, pathways, enterprise and a D2N2 Skills Show.

- A D2N2 pathway for traineeships and higher level career pathways developed as a tool-kit for students, schools, careers advisers, providers and employers.

Reducing Unemployment:

- Support for local programmes to help people into work with activities to engage the disengaged, promote destination and outcome based programmes and provide local and responsive support and funding in line with emerging community needs. Provide specialist support, engagement and incentives.

- Reducing NEETs and youth unemployment through increased success for IAG.

Increasing Employer Uptake:

- Provide demand-led training informed by employers.

- Develop activities to support the roll-out of a sustainable Apprenticeship Hub model across D2N2 providing employer incentives to encourage a 20% increase in apprenticeships.

- Provide opportunities to create traineeship destinations through engagement incentives to support providers and employers.

Higher Level Skills Development:

- Access to a highly skilled workforce critical to its future growth, capacity for innovation and economic resilience.

- Support graduate placements and internship projects

**HS2 and East Midlands Connectivity**

*Headline Local Growth Fund asks for 2015/16 include*

Collaborating to fully realise the huge economic potential of HS2 and to build the competitive advantage provided by our connectivity through the East Midlands and beyond is a priority for D2N2 in 2015/16.

*HS2: Detailed Connectivity and Master Planning*

We will work with partners, including HS2 Ltd, East Midlands Airport, transport...
authorities, LLEP and business to masterplan the proposed HS2 Station, develop an integrated East Midlands connectivity package, exploit the full benefits of the proposed rail freight hubs and study solutions for orbital movements to the east side of Nottingham. This will require revenue support from the Local Growth Fund to unlock the economic potential of the station site and ensure that wider region maximises the benefits from HS2 and strategic connectivity enhancements.

Midland Main Line Speed Improvements for Market Harborough
Working collaboratively with Network Rail, LLEP and Sheffield City Region LEP we will use Local Growth Funding to deliver line speed improvements to the Midland Mainline at Market Harborough to enhance journey times, particularly to London from the East Midlands and South Yorkshire. It is a time critical investment that needs to happen in advance of electrification.

Nottingham – Lincoln Castle Line
The speed and frequency of rail services between the Core City of Nottingham and Newark, a key focus of future growth, and then to Lincoln are an impediment to growth in this key corridor with the fastest current journey time slower than the service 100 years ago. D2N2 will work with East Midlands Trains and Greater Lincolnshire LEP to secure Local Growth Funding to increase train frequencies and improve journey times on this corridor.

Superfast Broadband
We will build on current investments through BDUK and other routes through investments leveraged by the Local Growth Fund to spread connectivity, particularly in rural areas, beyond the current 95% of premises coverage target and to address insufficient speed in key urban areas. This will minimise digital exclusion and together with support for exploiting enhanced digital connectivity, support business investment and growth.

HS2 College in Derby
Locating the HS2 College at Derby will not require support from the Local Growth Fund. It is readily deliverable in 2015/16 and will provide world class skills for the development and operation of HS2, building on the existing facilities, capacity and established rail industry relationships of our 11 colleges working in partnership.

Our priority actions include:

- We will lead a taskforce to develop a strategy to fully capture the benefits of HS2, bringing together HS2 Limited, LLEP and local transport authorities. This will include the development of a Masterplan for the proposed HS2 station, to support the delivery of the proposed Maintenance Depot at Staveley and to enable early work on infrastructure, and a regional connectivity package to deliver improved connectivity across the D2N2 area, and fully capture the benefits of HS2 for the East Midlands economy.
- We will work with East Midlands Airport, LLEP, Highways Agency, rail stakeholders and private sector partners to maximise the benefits of the development of air services and emerging proposals for Strategic Rail Freight Interchanges near A50/M1 J23a/24, which will deliver large-scale economic benefits across the wider East Midlands.
- We will work with Network Rail, Sheffield City Region and LLEP to ensure immediate action to secure improvements to line speeds at Market Harborough, prior to electrification of Midland Main Line, and with GLLEP to secure improvements to the Nottingham Lincoln Castle line.
- Accelerated business cases for key economic infrastructure and connectivity investments, including wider rail connectivity, the Fourth Trent Crossing and orbital movements around the east side of Greater Nottingham.
Understanding the D2N2 Economy

Introduction to the D2N2 Economy

The D2N2 Local Enterprise Partnership area covers Derby, Derbyshire, Nottingham and Nottinghamshire. It is one of the largest LEP areas within England, with a population of more than 2m people and an economic output of nearly £40bn. The economy comprises a mixture of rural and urban areas across 19 local authority areas. Employment is distributed across D2N2 but there is a concentration of employment in and around the area’s two largest centres – the Core City of Nottingham and the key city of Derby – with the two cities combined accounting for 36% of total employment compared to 26% of total population. Alongside the two cities there is also a distinct urban conurbation in Ashfield / Mansfield. There are also a number of smaller centres that serve rural hinterlands across the D2N2 area.

Economic Geography

D2N2 has a central location in England, well served by key north-south transport links such as the M1, A1, Midland Main Line and East Coast Main Line with a comparatively competitive and abundant supply of sites to promote investment. Parts of the D2N2 area have close economic linkages with major conurbations outside the D2N2 boundary, including Sheffield to the north, Manchester to the north west, Stoke to the west and Birmingham and the West Midlands conurbation to the south west.

There are broadly four distinct economic areas within the D2N2 boundary:

- **Nottingham City and the surrounding areas of south and east Nottinghamshire and east Derbyshire** – the Core City of Nottingham is an employment destination for commuters and a

5 Workers also commute to employment in the major conurbations surrounding D2N2, including Sheffield and Manchester.
centre of business activity and services. Approximately one-third of the D2N2 population lives within the conurbation and the city provides both highly skilled and well-paid employment (often taken up by residents commuting in from surrounding areas) as well as a large number of relatively low paid jobs, and has relatively high rates of unemployment. Parts of Rushcliffe and Newark and Sherwood Districts could be considered part of the London commuter belt, with Newark less than 70 minutes from London by train;

- **Derby City, South Derbyshire and the M1 corridor** – a cluster of highly competitive advanced manufacturing firms means wages are high and there are opportunities for highly skilled workers. Whilst the key city of Derby and the surrounding urban area account for a high proportion of employment, South Derbyshire and Amber Valley have significant employment and business bases, and a number of major opportunities. There is also evidence of significant out-commuting by professional and managerial workers to areas including Nottingham and the West Midlands;

- **North Nottinghamshire and north east Derbyshire** are areas with industrial legacies which offer opportunities linked to brownfield land, lower wage rates and excellent transport connections. There is a flourishing manufacturing sector in these areas, attracted in part by the availability of land for development and excellent workforce training provision through colleges such as Vision West Notts College and Chesterfield College. The area is also part of the Sheffield City Region, with Bolsover experiencing strong employment growth, and Chesterfield attracting an in-flow of commuters. There are also strong links to Mansfield and Ashfield;

- The **wider Peak District area** is predominantly rural with a number of important market towns acting as employment and service centres in their own right. The resident population is highly qualified but many commute to professional jobs in the surrounding cities of Sheffield and Manchester (as well as Derby and Nottingham) and despite the presence of some high value SMEs, workplace wages in the area are low. There are significant levels of employment in the public sector, manufacturing and sectors associated with tourism, and Derbyshire is the most important mineral-producing area in the UK, with this high-value activity concentrated in the wider Peak District.
Economic Overview and Performance

Analysis of the D2N2 economy has highlighted its distinctive characteristics, many of which relate to its innovation, manufacturing and exporting strengths and strategic location within UK and international transport routes.

The D2N2 Economy – Distinct Characteristics

### Sectoral Strengths

The transport equipment manufacturing sector, given the presence of global companies and a large local supply chain, is 40% more productive in the D2N2 area than elsewhere in the UK.

Nottingham is designated as one of the UK’s six Science Cities, with the QMC/Nottingham University Hospital one of the largest teaching hospitals in the country.

D2N2’s life sciences sector has outperformed the national sector over the past four years. There was particular growth in the manufacture of basic pharmaceutical products and medical and dental instruments.

Despite the overall manufacturing sector experiencing decline over the past decade, as with elsewhere in the UK, the advanced manufacturing sector experienced growth of 4.3% in the period 2008-10 with the creation of over 2,300 jobs.

The D2N2 growth sectors employ over 150,000 people, accounting for nearly 20% of the area’s workforce.

### International trade and Investment

In 2011/12, nearly 2,300 jobs were created by Foreign Direct Investment into the D2N2 area, the fifth largest of all the LEP areas.

The D2N2 economy has strengths in exporting, with almost 20% of employment in export intensive industries, placing it within the top quarter of LEPs in terms of exports.

### Employment

The D2N2 economy employs almost 900,000 people, with a GVA of nearly £40 billion, making it the third largest LEP economy outside the South-East.

Large firms in the D2N2 area employ nearly 250,000 people, with major multinationals such as Toyota, Rolls-Royce, Bombardier, Alliance Boots, Siemens and Experian located here, served by a prominent local SME supply chain.

As a consequence of high skilled job opportunities, Derby has the highest workplace based earnings of any area outside the South-East.

Despite these strengths, overall the D2N2 economy underperforms against the national average. We have identified the following set of economic measures against which we will monitor our performance:

<table>
<thead>
<tr>
<th>Performance on D2N2 Key Economic Measures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GVA per FTE, £</td>
<td>51,210</td>
</tr>
<tr>
<td>Employment rate, %</td>
<td>70.4%</td>
</tr>
<tr>
<td>Private sector job creation</td>
<td>76.6%</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>9%</td>
</tr>
<tr>
<td>Business start up rate</td>
<td>10%</td>
</tr>
<tr>
<td>Business 3 year survival rate</td>
<td>60%</td>
</tr>
<tr>
<td>Business 5 year survival rate</td>
<td>44%</td>
</tr>
<tr>
<td>% of working age pop. L4+</td>
<td>29%</td>
</tr>
<tr>
<td>% of working age pop. L3+</td>
<td>50%</td>
</tr>
<tr>
<td>% of working age pop. with no qualifications</td>
<td>11%</td>
</tr>
<tr>
<td>No. of apprenticeship starts</td>
<td>23,330</td>
</tr>
</tbody>
</table>


The data confirms the relevance of D2N2 LEP’s ambitions of:

- Increasing employment and the number of private sector jobs by stimulating indigenous business growth, encouraging higher rates of enterprise and attracting inward investment
- Raising levels of productivity, and
- Improving skills levels within the workforce.
**Productivity and Earnings**

The D2N2 economy generates over £37 billion of Gross Value Added (GVA) per year. This equates to GVA per full-time equivalent employee (GVA per FTE) of £51,210, in the mid-range of all the LEP areas.

GVA per FTE rose by 50% during the last growth period, increasing year on year for ten years. However, it is only 85% of the England average, and the gap with England has fluctuated around this level in recent years.

Earnings vary considerably across the D2N2 area, reflecting the differences in the sectoral structure of the economy. Very high average workplace earnings in Derby are a result of the highly productive Transport Equipment Manufacturing sector (and other elements of advanced manufacturing), whilst other parts of D2N2 have earnings below the national average.
**Business Density and Enterprise**

Whilst D2N2 has over 66,000 businesses, including over 50,000 micro-enterprises, the overall business base is low given the size of the population. In 2012, there were just 314 businesses per 10,000 working age population, compared with 399 nationally, a gap of some 11,500 businesses.

The number of active businesses reached a peak of 68,500 in D2N2 in 2008, and has declined by some 3% since then (a fall of over 2,000 businesses). This mirrors the trend at regional level but is in contrast to the national position, with the total number of businesses in England increasing by 2% over the same period.

Business survival rates in D2N2 are relatively good, with both the one year and three year survival rates for new businesses above the England average in recent years. However, the business birth rate (the number of new businesses as a percentage of the existing business base), has consistently been lower in D2N2 than in England as a whole. Increasing the number of businesses and generating higher level of entrepreneurialism within the economy is a key priority for D2N2.
International Trade and Foreign Direct Investment

Business growth in D2N2 will come from a number of sources, of which international trade and foreign direct investment are two of the most important. Increasing the level of exports are continuing to attract high levels of FDI are national government priorities, and align with our growth ambitions.

The D2N2 economy has a long history of exporting high quality manufactured goods around the world and makes a significant contribution to the UK’s export earnings. Although limited trade information is available at LEP level, regional figures show that the balance of trade in the East Midlands is only slightly negative, in contrast to most other regions of England.

Imports and Exports: Balance of Trade by Region, 2012

Across East Midlands, there were almost 5,600 companies involved in exporting goods overseas in 2012, representing 9% of the national figure. The average value of exports per exporter in the East Midlands was £3.3m. This fell just short of the national average of £3.4m, and was also lower than most other regions, indicating that exports from the region are not wholly dependent on the large OEMs.

However, the importance of the transport manufacturing sector is clear from an analysis of goods exports by type. The majority of the value of East Midlands’ exported goods (65%) came from machinery and transport goods, significantly higher than the same proportion nationally (39%). Other manufacturing also made a significant contribution to exports.

Value of East Midlands Goods Exports by SITC Section, 2012

The export markets being served by companies in the East Midlands also differ from the national picture. The EU accounts for 44% of goods exports by value,
in contrast to 50% nationally. Asia and Oceania account for nearly one-quarter of exports from the East Midlands, compared to just 15% nationally.

Data from Derbyshire and Nottinghamshire Chamber of Commerce indicates that the largest non-EU export markets served by businesses using the Chamber’s export documentation service include Saudi Arabia, Turkey and the United Arab Emirates, with Russia, China and India becoming increasingly important. Although emerging markets present new opportunities for exporters, it is likely that the majority of the UK’s trade will continue to be with its established export partners for the foreseeable future.


Foreign Direct Investment is very important to the D2N2 economy, with the presence of a large number of firms with a global reach. In terms of overall job creation through Foreign Direct Investment, the D2N2 LEP is one of the top performing LEPs in the country. During 2011/12, 2,299 jobs were created through FDI, which places D2N2 fifth amongst the 39 LEPs in the country. Nearly 14% of employment (14th highest out of 39 LEP areas) and 20% of turnover (20th out of 39) is within foreign-owned firms. This highlights the continued importance of FDI in the area.

![One of the Top Performing LEPs - FDI Employment 2011/12](Source: UKTI Inward Investment Report)

The inward investment agencies across the D2N2 area work closely with UKTI and have developed bespoke offers for potential investors, based on the strengths of each local area. The excellent transport links, central location, existing sector specialisms, innovation track record and skilled workforce all play an important part in attracting foreign investment.

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6 This applies only to those businesses using the Chamber’s export documentation services and does not capture the export markets of the larger businesses who produce their own export documentation.
Strength in Depth – Sectoral Opportunities in D2N2

Whilst D2N2 is a diverse economy with specific sector strengths across the geography, we have identified eight priority sectors in which D2N2 is already strong or has the capacity to grow. We will prioritise activity that supports these sectors but we will remain agile to support growing businesses in other sectors, including the wider advanced manufacturing sector. We will respond to emerging growth opportunities across the economy, recognising that much of the employment growth in the D2N2 economy over the next ten years will occur outside these sectors, particularly in private service sectors and newly emerging sectors.

We also recognise that there are strong cross-sector linkages, both between the priority sectors, and between the priority sectors and other parts of our economy, and will ensure that our support for priority sectors has regard to their connectivity with other parts of the D2N2 economy.

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**TRANSPORT EQUIPMENT MANUFACTURING**

The D2N2 area is synonymous with the transport equipment manufacturing sector, given the presence of a number of large and globally significant employers such as Toyota, Rolls Royce and Bombardier and their significant local supply chains, areas across Derbyshire and Nottinghamshire. The current strength is built on many years of innovation and manufacturing expertise, with Derby celebrating 175 years of rail manufacturing in 2014, and Raleigh Bicycle Company established in Nottingham in 1890. The sector is concentrated in Derby and South Derbyshire, with links along the A50 to Staffordshire. The sector covers the production of aerospace, automotive and rail transport vehicles and is 40% more productive in D2N2 than elsewhere in the UK.

The importance of the sector is recognised in the UK Industrial Strategy and, despite increasing global competition, it is likely to remain an important driver of the D2N2 economy. The sector is complemented by strengths in the area’s research base, particularly at the School of Mechanical Materials at the University of Nottingham. Although not part of the manufacturing sector, there are linkages to transport innovation and information technologies in which our Universities play a leading role.

**Employment 2012: 20,200 (BRES)**

**LIFE SCIENCES**

Another of the Industrial Strategy’s priority sectors, demand in the life sciences sector is being driven by new and developing technologies, growing global wealth and an ageing and better informed population. The sector is particularly important in Nottingham where it is a key driver of innovation. D2N2 is home to over 200 medical technology firms.

D2N2 has experienced significant employment growth over recent years particularly in the manufacture of basic pharmaceutical products and medical and dental instruments. This growth builds on historical strengths in the sector, including the presence of a significant pharmaceutical sector, the HQ of Alliance Boots (one of D2N2’s most significant employers with c.11,000 staff) and the presence of BioCity.

**Employment 2012: 3,600 (BRES)**

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7 The activities covered by each of these sectors are summarised here. Detailed SIC definitions are included in our State of the Economy report:
Transport equipment manufacturing - Manufacture of motor vehicles and other transport equipment;
Life Sciences – Includes the manufacture of medical instruments and basic pharmaceutical products, manufacture of irradiation, electromedical and electrotherapeutic equipment, retail sale of medical and orthopaedic goods, wholesale of pharmaceutical goods, and research and development in natural sciences;
Food and Drink manufacturing – Manufacture of food and beverage products;
Construction – includes construction of buildings, civil engineering and specialised construction activities.
Visitor economy – Includes hotels, food services, travel agency activity, entertainment activities, libraries, museums and sports activities;
Low Carbon Economy – not defined using SIC codes due to difficulties in mapping low carbon activities to the SIC structure. BIS definition used
Transport and Logistics – Includes land transport, air transport, water transport, warehousing activities and courier services;
Creative Industries – Includes motion picture activities, sound/radio, photographic and design services, advertising, media activities, printing and publishing activities and computer programming.

8 Please note, employment at Alliance Boots does not fall within our definition of the Life Sciences sector and is classified as ‘Dispensing chemist in specialist stores’ in the Standard Industrial Classification codes.
and MediCity in Nottingham. It is a nationally significant sector and provides an opportunity for niche producers and university spin-outs. The manufacture of medical and wearable devices, whilst a relatively small sub-sector, is a particularly high value sub-sector of manufacturing with a high level of R&D activity.

**Employment 2012: 7,200 (BRES)**

**FOOD AND DRINK MANUFACTURING**

Nearly 17,000 people are employed in food and drink manufacturing, with particular concentrations in the Peak District, Newark & Sherwood, Bassetlaw and Amber Valley, and especially in rural areas because of links to D2N2’s important agricultural base, with the agri-food sector continuing to grow during the recession. D2N2 is home to many blue chip food manufacturers, including Thorntons, Warburtons, Nestle, Greencore, British Sugar and Pork Farms, in addition to a vibrant SME base across the urban and rural landscape, with high quality goods of world renowned provenance.

The area benefits from a vibrant farming sector, employing over 10,000 people on farms and generating over £500m per year to the economy. Our excellent connectivity to the rest of the UK enables the rapid distribution of food and drink products and close access to markets. The sector is also relatively productive in the D2N2 economy with output per full-time employee estimated to be 5.5% higher than the sector in the UK overall. It is a source of secure employment in roles ranging from high tech, professional and managerial occupations, including food scientists, engineers etc, to lower skilled roles appealing to a broad section of the workforce. Dedicated training is provided for the sector by organisations including New College Nottingham, University of Derby in Buxton and School of Artisan Food.

**Employment 2012: 17,000 (BRES)**

**CONSTRUCTION**

The construction sector employs over 40,000 people in D2N2, a very significant number but substantially lower than was the case before the onset of the recession in 2008/9. As elsewhere, the sector’s future growth prospects in D2N2 are intrinsically linked to the performance of the local and national economies; however, the construction sector can play an important role in generating additional economic activity, with every £1 invested in house-building generating nearly £3, through wages and profits, spending with suppliers (including the aggregates / minerals industry – Derbyshire is the largest producer of minerals in the UK) and spending in the wider economy. An important issue for the construction sector in D2N2 is to ensure that businesses are able to access both public sector and private procurement opportunities, and are able to find the training they need to upskill their workforce.

D2N2 has a number of large employers including Morgan Sindall and Bowmer and Kirkland, and the construction sector locally is relatively productive with output per worker estimated to be 9% higher than in the UK overall and accounting for 8.7% of GVA in the D2N2 area. It is also an important provider of skilled jobs and training / apprenticeship opportunities for young people together with ‘up-skilling’ of the supply chain in collaboration with larger businesses. There are also emerging specialisms in low carbon construction, retrofit and renewable technologies.

**Employment 2012: 40,000 (BRES)**

**VISITOR ECONOMY**

The visitor economy sector covers those activities which are directly associated with tourism, including hotels and restaurants, museums and cultural attractions, as well as activities relating to sports and the wider cultural sector which attract and service domestic and international visitors for business and leisure. The D2N2 economy has some key assets notably quality of our environment, including the iconic landscapes of the Peak District and Sherwood Forest. We also have a variety of stately homes, historical buildings including the Derwent Valley Mills Unesco World Heritage Site, cultural attractions, sporting venues including Derby’s Multi Use Sports Arena and Nottingham's Trent Bridge and our waterways. Recent research commissioned on behalf of our visitor economy sector has demonstrated the need for capital investment in our visitor attractions in order to continue to attract visitors to our area.

Employment in the sector has fluctuated considerably over the past four years but is currently over 65,000 in the D2N2 area, and there is the potential to increase employment by exploiting new opportunities and markets, such as the growth of cycling as a leisure pursuit, the crescent restoration in Buxton, one of England’s leading spa towns, and the development of assets such as Sherwood Forest,
Cresswell Crags, Derwent Valley Mills, Newark’s National Civil War Centre and the Nottingham Castle Project. There are a number of visitor economy opportunities we wish to pursue, including the business tourism market, festivals and events, tactical marketing, branding and gateways and hubs, and we will produce a Growth Plan for the visitor economy early in 2014.

**Employment 2012: 65,300 (BRES)**

**THE LOW CARBON ECONOMY**

With ambitious and legally binding targets set in relation to carbon reduction to 2050, D2N2 plans to use our competitive advantage to build on expertise in the low carbon transport technologies and dual fuels sector, including Toyota and Rolls Royce, and data from DECC suggests employment in the low carbon economy here is amongst the highest of all LEP areas. The D2N2 area importantly also has significant research expertise in this area. D2N2 is also a significant contributor to power generation in the UK, with the potential to exploit the move to more renewable sources of energy.

The significance of climate change and the low carbon economy is also likely to present commercial opportunities for the entire D2N2 business base either through the development and provision of low carbon goods and services, including low carbon housing and retrofit or through savings in areas such as energy or waste reduction, providing a market for local low carbon economy businesses.

**Employment 2011/12: 28,700 (Low Carbon Environmental, Goods and Services, Report for 2011/12, Department for Business Innovation and Skills, July 2013)**

**TRANSPORT AND LOGISTICS**

The transport and logistics sector covers freight movements activities such as land transport, air and water transport, warehousing and courier services and is a significant employer in D2N2 with over 28,000 employees. The sector makes an essential contribution to the success of many other sectors, providing the means through which supplies are obtained and goods are transported to markets locally, nationally and internationally, and is also closely associated with the transport equipment manufacturing sector.

Located at the heart of the UK, D2N2 benefits from a number of major road and rail links (for both passengers and freight). Key current and future assets which benefit the D2N2 economy include East Midlands Airport and the proposed strategic rail freight hub to the north, and the HS2 line will run through D2N2 with a proposed station at Toton. Within the D2N2 area, major employers include East Midlands Trains (based in Derby), and new employers, such as Kuehne & Nagel Drinkflow Logistics, have been attracted to the area because of its strategic location.

**Employment 2012: 26,500 (BRES)**

**CREATIVE INDUSTRIES**

The creative industries sector accounts for around 5% of economic output nationally, and a similar share of employment. The sector is an important international strength for the UK, and a growing source of export earnings. In D2N2, the sector has over 26,000 employees with the two cities accounting for around 40% of this total. It is likely that this figure understates the true employment level as the large number of sole traders and micro businesses in the sector may not be captured by official datasets.

Creative industries is a wide-ranging sector, taking in video, film and photography, music, publishing, radio and TV, computer games, social media and the software that supports these industries and the telecommunications sector. The sector has been growing rapidly at the national level and makes an important contribution to the success of other sectors, supplying services such as digital technologies and software to sectors including the automotive, bio-science, construction sector and the visitor economy, and encouraging innovation and design quality.

Particular employment specialisms in D2N2 lie in computer and software (especially in computer gaming and medical technology applications). There is a cluster of creative industries in the Dukeries area of Nottinghamshire (including the Harley Gallery, Thoresby Gallery and the School of Artisan Food) and the Creative Greenhouse initiative provides networking opportunities.

There are opportunities for growth across the cities and counties, with Nottingham’s Creative Quarter and Cromford Mills (within the Derwent Valley Mills World Heritage Site) just two such examples along with the key role of enhanced digital connectivity.

**Employment 2012: 26,500 (BRES)**
Employment, Occupations and Skills

Economic activity rates in D2N2 are in line with the national average, having closed the gap over the past couple of years. Amongst those who are inactive, a higher proportion in D2N2 are retired than is the case nationally, and there are particular concentrations of long-term sickness in areas affected by industrial decline.

Overall employment rates are close to the national average, with over 70% of the working age population across the area either employed or self-employed but there is significant variation within the area with employment rates ranging from 81.8% in Erewash to 57.2% in Nottingham. The relatively low levels of productivity and earnings are explained by the occupational profile, with employment skewed towards skilled trades, operatives, elementary and other service occupations, and an under supply of professional and associate professional occupations.

Although accounting for a smaller share of jobs in D2N2 than is the case nationally, there has been a significant growth in professional occupations, which have risen by nearly 33,000 during the period 2004-2012, and will be of continuing importance to the future growth of the D2N2 economy.

The occupational profile reflects the skills available within the D2N2 workforce. Whilst almost 400,000 people are educated to degree level, equating to 29% of the total, this is 4% lower than the England-equivalent level of 33%. To attain the national average, there would need to be another 54,000 people qualified to degree level. Around 150,000 people aged 16-64 have no qualifications, leaving them at risk of poorly paid, insecure work and periods of unemployment. These lower than average skills levels contribute to below-average productivity and earnings in D2N2 and the effects are seen across the economy. Skills levels vary across the D2N2 area. In Derby and Derbyshire there is a greater demand for level 3 / technician level skills whilst in Nottingham, there is stronger demand for lower skilled jobs in sectors such as retail and health.
D2N2 has seen a significant improvement in the educational achievement of its young people, with nearly 60% now achieving five good GCSE grades. Despite this improvement, there is still concern amongst employers about the job readiness of those entering the labour market, and an on-going need to support the 4 in 10 who fail to achieve good GCSE grades, and ensure they are equipped for success in the 21st century labour economy.

As is the case nationally, there has been a significant increase in uptake of apprenticeships within D2N2 over the past three years, with over 23,000 starts in 2011/12. This has been driven by an increase in the number of older apprentices, and there is more work to do to encourage young people to take up (and employers to offer) apprenticeships pre-19. Two-thirds of apprenticeships in the D2N2 area are at intermediate level (L2), and there is a need to provide progression routes at advanced and higher level.

Rural Economies and Communities

“I am lucky to live and work in the Peak District, which is an important part of D2N2’s rural area - the Peak inspires me and my team every day. The large industrial cities that border the Peak are important as areas of large scale employment - but a vibrant and successful rural economy is crucial in attracting and retaining high quality people to the area as both residents and day visitors.

There are many barriers to growth, but the Peak has a great track record in producing a multitude of small but highly success businesses - D2N2 understands and recognises this and has listened to the aspirations of the rural community. Many of the issues that face rural businesses mirror those of our urban colleagues - but connectivity is an area where we seem to be falling further behind, in terms of both broadband and "beyond 3G" - both of which are crucial for the type of businesses that suit the Peak and the visitor economy to thrive.”

Jim Harrison, Managing Director, Thornbridge Brewery and Chair of Business Peak District

D2N2 includes a significant rural population in addition to the main towns and two cities, and the rural economy plays an important role in the health of the area’s overall economy, with over one-third of D2N2’s total employment in predominantly rural local authority areas.

The rural parts of D2N2 are affected by many of the same economic issues as the urban parts of the area. However, the rural areas (whilst by no means homogenous) also experience some specific economic challenges, particularly with regards to connectivity (both travel to work, education and leisure opportunities and digital connectivity), housing availability and affordability and access to economic opportunities. The natural environment of our rural areas is a key economic asset for D2N2 with growth in areas such as the Peak District requiring sensitive management.
The predominantly rural local authority areas within D2N2 perform well, with key characteristics including:

- Higher levels of employment growth during the period 1998-2008 than the urban local authority areas within D2N2;

- A dynamic business base, with a large number of small firms across a range of sectors, many with growth potential;

- High economic activity rates, a higher proportion of residents with higher level skills and lower proportion with no qualifications than elsewhere in the D2N2 area.

- An important agricultural sector which continues to play a key role in food production, as well as maintaining and enhancing the attractiveness of the environment and contributing to the visitor economy.

Despite this, a number of challenges are faced by rural areas including difficulties faced by the area's agricultural sector, an over-reliance on public sector employment, low levels of earnings (often masked by higher wages amongst residents who commute to work in the surrounding conurbations), and a lack of dynamism amongst the business base.

There is a need to protect and retain local facilities within the key market towns, following the loss of some important rural employers, either due to them ceasing trade (e.g. linked to the coal industry in Newark and Sherwood and Bolsover) or relocation to urban areas and major transport routes.
Economic Infrastructure and Transport

As a location that has a range of export-led sectors including aviation, automotive manufacturing, and bioscience, with a global customer base, D2N2’s economic and transport infrastructure is fundamental to its economic performance.

D2N2 Connectivity

D2N2 lies at the heart of the UK. With a population of 2.1 million, and geographical proximity to other major cities in the Midlands and North and within easy reach of London, D2N2 benefits from large domestic markets, deep supply chains and large labour pools to meet the needs of current and future businesses. The plan to the right shows the economic linkages to, from and within the D2N2 area.

D2N2 is an export-oriented economy with a strong dependence on international gateways. For example, in 2013, exports from the East Midlands were worth £21.48bn\(^9\). Access to global markets via ports and airports, supported by effective strategic road and rail connections, is critical in meeting the area’s growth requirements.

Current and planned investment in strategic road and rail freight-corridors will significantly improve capacity and reliability for freight movements to key ports. Improvements to the A160 will enhance access to Immingham and the long-awaited upgrade of the A14 near Cambridge will significantly improve road connections to Felixstowe. Core rail freight corridors connect to Immingham and Felixstowe and the planned ‘Electric Spine’ programme will further improve rail freight connections to the Port of Southampton.

East Midlands Airport (EMA), located just 14 miles from the centres of Nottingham and Derby, is the UK’s 2\(^{nd}\) largest air freight hub after Heathrow and is a critical economic driver for the region. It is estimated EMA generates £239m in GVA each year. The Airport is currently in the process of redeveloping its passenger terminal and has recently published its Sustainable Development Plan for consultation, which plans for increases in traffic from 4.3 million passengers and 300,000t freight in 2013 to 10 million passengers and 700,000t freight in 2040. D2N2 is engaging closely with both East Midlands Airport and LLEP to support the growth objectives of the Airport and we will work together to maximise the ability of the airport to support the wider East Midlands regional economy.

The importance of the M1 J23a/24 area within North West Leicestershire for high-value freight will be further strengthened with planned investment in a major intermodal rail freight interchange by M1 Junction 24, which is now being considered by the Major Projects Unit at the Planning Inspectorate. We will be working with LLEP to capitalise on the transformational impacts of this project, which could bring more than 6,000 new jobs to the area. This will create a dynamic regional economic hub, East Midlands Gateway, which is strongly supported by both LLEP and D2N2 LEPs.

Robin Hood Airport, located within Sheffield City Region, plays an important role for the north of the area, with a focus on flights to passenger destinations across Europe.

D2N2 is strongly dependent on other airports for global connectivity, including Heathrow, Manchester and Birmingham. Birmingham Airport has ambitious plans for expansion, capitalising on the arrival of HS2 and the development of UK Central, as set out in the Greater Birmingham and Solihull SEP. Birmingham will play a critical role in connecting the D2N2 area to global markets, and improved transport connections to the Airport will be critical for our economy. The Airport is only 49 miles and a one hour drive by car from Nottingham but rail connections are poor, with a journey time of over 90 minutes to Birmingham International railway station. In the longer term, the arrival of HS2 will transform connections between D2N2 and Birmingham, but early action is also needed to address this weakness.

Much of the D2N2 area also looks to Manchester Airport for international connections: High Peak has good rail connections to the airport via central Manchester, and road links will be significantly improved with the completion of the A555 eastern link, providing direct road access from the A6 corridor.

The strategic road network plays a critical role in connecting to both the international gateways and other major cities. The M1 and A1 provide good north-south corridors, the A42 and A38 connect to the West Midlands and the A50 connects to the North West via Stoke-on-Trent. These good connections are reflected by large retail distribution centres along the M1, A50 and A38 corridors. The recent dualling of the A46 has improved links in the east of the area and the project to improve the A453 between Nottingham and the M1 will transform connectivity to the city and south Nottinghamshire on completion in 2015, with improvements to journey times and journey reliability for business and leisure users, making the city a more attractive location for potential investors.

There remain major challenges, with high levels of congestion on the M1 north of Junction 28, the A38 in Derby, A52 Nottingham Ring Road, A46 at Newark and A628/A57 near Glossop, impacting on business through increased operating costs within the area and beyond. The costs of congestion on the strategic road network in the East Midlands are forecast to rise to around £0.7 billion in 2025 in the absence of intervention. The Highways Agency is, however, delivering or planning improvements to key routes to increase capacity and manage expected growth. These include the Smart Motorway upgrade to the M1 Junctions 28 – 31 and planning for the A38 Derby Junctions improvement.

The plan below shows the current primary congestion hotspots across the region.

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10 Costs of Congestion in the Regions, Atkins for RDA Transport Network, 2009. The approach used the National Traffic Model and was based on comparing actual vs free-flow traffic speeds and application of WebTAG values of time.
The frequency and speed of rail connections to other parts of the country are variable, constraining connectivity for business journeys. For example, poor journey times mean that it is harder for business-to-business interfaces to take place, and thereby to deliver agglomeration benefits. Services from Nottingham, Derby and Chesterfield to London are significantly slower, by up to 30 minutes, than connections from the West Midlands to London. The East Coast Main Line in the east of Nottinghamshire offers faster journey times, although levels of investment have been lower than on other routes.

The rail network is also not playing a sufficient role in catering for travel needs in the area, with limited network penetration, low frequencies and relatively long journey times between towns, resulting in high car dependence and congestion on inter-urban corridors. However, the recent £150m investment by Network Rail in the Nottingham area has reduced delays and significantly improved capacity to accommodate increasing numbers of passengers for both long distance and local rail services. Our key rail challenges are shown below.
The planned electrification of the **Midland Main Line** will be an important basis for improving service quality, carbon reduction cost efficiency, but further infrastructure improvements will be required to significantly improve journey times. We will be working with Network Rail, Sheffield City Region and LLEP to secure early investment in critical line speed improvements at Market Harborough, before electrification works commence.

**Cross Country** services connect to Birmingham, the south west and the north, but there are challenges with journey times and train capacity leading to crowding. Rail journey times between Nottingham and Birmingham are poor, with very low line speeds between Nottingham and Derby at Trent Junction.

Other services, operated by East Midlands Trains (the region’s main operator) and Northern Rail, connect to Sheffield, Leeds, Manchester, Stoke-on-Trent, Leicester and East Anglia. Many of these services (particularly Nottingham to Leeds) have long journey times and offer a poor alternative to driving. The Lincoln – Newark – Nottingham line only currently has hourly trains: this corridor would benefit from increased frequencies and is a key priority for improvement. The D2N2 area also has a number of former freight lines that offer the potential to open up access to the rail network for currently untapped markets, for example the Dukeries area. We will also be seeking to strongly influence the future East Midlands franchise, which is due for renewal in the Plan period.

The future arrival of **HS2** will transform the prospects of the D2N2 area, as well as Leicester and Leicestershire. The proposed hub station will benefit from high speed services to London, Birmingham, Sheffield and Leeds, allowing businesses to access customers quickly and reliably. The key challenge will be to ensure fast and reliable connectivity to the hub station from our key towns and cities to ensure that we fully harness the transformational potential of this investment to benefit the whole D2N2 economy. In addition, the Peak area of our region will benefit from the future hub stations at Manchester Piccadilly and Manchester Airport, and we will be engaging with Greater Manchester LEP and other partners to enhance rail connectivity from Buxton and Glossop to these hub stations to ensure local residents have access to opportunities in Manchester.

Our **local transport networks** reflect the diverse geography of the area, within a range of challenges impacting on the local economy. A fully operational and resilient network is essential for the economy to function. Management of highway assets and ensuring adequate resilience to the effects of climate change and flooding are a growing challenge. Congestion is also a major problem in the urban areas and is holding back the potential of our two cities as engines of growth. Delays as a result of congestion impact on operational costs for businesses who have to factor in excess time into schedules to meet delivery times, resulting in unproductive activity. The cost of congestion is equivalent to around £300 per employee in Nottingham and Derby and will more than double by 2025\(^1\).

The D2N2 area has a proven track record in delivering effective local transport solutions to support growth. We are working in partnership with bus operators to deliver high quality networks that are successfully attracting a wide range of users and travel needs. Nottingham Express Transit (NET) is regarded by many as the most successful light rail project in the UK. Good progress is being made with the construction of the Nottingham hub and new lines to Clifton and Chilwell and services are on track to start in winter 2014, complementing an excellent bus network with 50 new electric buses coming into operation in the next two years alongside a smartcard enabling integrated ticketing. Derby successfully delivered a Cycle City programme and major transport improvements to the city centre, and public transport improvements have been delivered in towns across the D2N2 area.

Walking, cycling and public transport are viable, attractive and increasingly popular travel choices in the two cities. Notable successes are being

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\(^1\) Costs of Congestion in the Regions, Atkins for RDA Transport Network, 2009. The approach used the National Traffic Model and was based on comparing actual vs free-flow traffic speeds and application of WebTAG values of time.
delivered through our current Local Sustainable Transport Fund programmes, which are helping to tackle congestion, reduce business costs and unlock growth. Derbyshire has also secured funding for major improvements to cycle routes in the Peak District, as well as the expansion of cycle trails in North East Derbyshire, which will play a key role in helping to support development of the visitor economy. In contrast, many rural areas face challenges with the viability of local bus services, with implications for access to education, jobs and training. Focused intervention will be required to tackle gaps in bus provision to enable young people and job-seekers to access opportunities, such as Nottingham’s discounted travelcard for jobseekers.

We are also delivering programmes to unlock access to our priority employment sites and strategic housing locations, including multi-modal access solutions alongside targeted highway improvements to tackle the effects of increased travel demand, for example, committed LTB schemes such as the Seymour Link at the Markham Vale Enterprise Zone.

We have therefore developed a coherent strategy to improve connectivity and unlock growth, based on clear evidence on the diverse needs of different parts of the D2N2 area.

**Employment Locations**

Whilst there are a wide range of employment locations across the D2N2 area (including in both the rural and urban parts of the area), the quality of the sites available is not always suitable for today’s commercial occupiers, and the balance between office space and industrial locations is more heavily weighted towards industry in D2N2 than nationally which reflects the previous reliance on traditional industries, and may not be appropriate for the economy of the 21st century.

Rateable values are lower than in other locations (with the exception of some premium city centre sites) which makes speculative commercial development difficult, leading to a lack of availability in some areas (particularly rural areas and those with weaker economies).

Assisted Area status is a crucial factor in making some of our employment locations more attractive to businesses and supporting economic growth in areas of need. The rules on population coverage, contiguity and ‘doughnuts’ mean that many other areas which would benefit from Assisted Area status (particularly in our more remote and rural areas) cannot currently be included on our Assisted Areas map.

**Digital Connectivity**

Technology is increasingly linked to economic competitiveness, and high levels of IT skills amongst the labour force and access to high speed broadband connections are playing an increasingly important role in the success of local economies. Digital connectivity is a vital utility for business and is fundamental to achieving economic growth.

The quality of digital connectivity within the D2N2 area varies. In general, connectivity is better in urban areas, although insufficient speed has been reported in certain areas (including areas in which significant development is planned, such as the Creative Quarter in Nottingham and Pride Park in Derby). In rural areas, the lack of a high speed broadband network inhibits business growth and leaves residents at risk of digital exclusion.

To address this, BDUK Superfast Broadband programmes are underway in both Derbyshire and Nottinghamshire, with the aim of providing 95% of premises with access to superfast broadband by the end of 2015.
Housing

There are just under 900,000 households in D2N2. In recent years, the growth in housing stock in D2N2 has largely kept pace with the national average. Between 2001 and 2012, there was a net increase of nearly 72,750 dwellings in D2N2, an increase of 8% which is slightly below the increase nationally (9%)\(^1\).

However housing supply, both in D2N2 and nationally, has not kept pace with demand. House building slowed considerably as a result of the credit crunch and subsequent recession. Prior to the recession, housing stock had increased by 1% per annum. The rate of increase fell to 0.5% per annum after 2008, as shown in the diagram.

Five housing market areas have been identified within D2N2, although in practice there is considerable overlap within and between these areas, and links to adjacent areas outside the D2N2 boundary. Each faces their own particular housing market challenges and opportunities:

- **The Nottingham housing market area**, stretches beyond the city to include Broxtowe, Gedling, Rushcliffe and Erewash. This housing market is one of contrasts, with increasing affluence in some areas and high levels of deprivation and poor quality housing in others, and there is a need to prevent polarisation in the market and renew the housing stock. A significant proportion of the additional housing required in D2N2 will be delivered within this area;

- **The northern area**, covering north Derbyshire and Bassetlaw, which has significant clusters of deprivation and a need to improve the quality of the housing stock. Development has been slowed by the economic downturn and there is an overall lack of investment, with the relatively low prices holding back both development and stock renewal;

- **The Peak sub-region**, covering High Peak and Derbyshire Dales, faces real challenges of affordability, given the relatively low wages earned by many residents and the attractiveness of the area to mobile, highly skilled and well-paid workers. Increasing the supply of affordable and first homes is a priority, as is maintaining the viability of smaller settlements and villages;

- **The Sherwood Forest area**, taking in Mansfield, Ashfield and Newark & Sherwood, has been affected by industrial restructuring, which has resulted in a housing stock that does not meet the needs of local residents in terms of either quantity or quality. Local priorities include increasing development to increase the range of housing available and provide more choice for local people, with

\(^1\) Source: Housing stock, Department for Communities and Local Government.
significant growth planned for Newark as part of the Newark / Lincoln / Gainsborough / Grantham growth area; and

- The **Derby housing market area**, covering the city of Derby and surrounding areas, where significant population and household growth is envisaged, and the challenge will be to manage this whilst minimising the impact on the environment and responding to the increased demand for local services.

Along with many other parts of the UK, the population in D2N2 is forecast to grow, with figures from the Department for Communities and Local Government indicating that an increase of circa 77,000 households is expected by 2021\(^1\). The fastest growth is expected in Derby and south Derbyshire. This level of household growth will both be driven by and contribute to employment growth in the D2N2 area.

In recent years, the number of completions has fluctuated between 2,500 and 3,500, and the number of starts between 2,000 and 3,000\(^2\). This will not be sufficient to meet the 7,700 additional households per year that the DCLG figures suggest will be needed, nor the housing building levels set out in the Local Authorities’ Local Plans (circa 6,000 per year). The chart below shows the gap between the net annual increases in housing stock over the past four years and the level of demand forecast by DCLG. The conclusion is that stronger and closer collaboration is needed between D2N2 partners and the development community to ensure that delivery of new housing stock can meet demand.

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\(^1\) Source: Household projections, Department for Communities and Local Government

\(^2\) Source: Housing Statistics, Department for Communities and Local Government. Full data is not available from all local authorities for every year.
Opportunities and Challenges for D2N2

This section summarises the opportunities and challenges faced within the D2N2 area and the impact these have on potential growth. Our understanding of these opportunities and challenges has shaped the development of programmes of activity in each of our strategic priorities, set out in the following sections.

Barriers to Growth in D2N2

The D2N2 partners are already working to overcome barriers to growth through the use of resources secured by the LEP, including Growing Places Fund and Regional Growth Fund. This work builds on the core activities of partners including the local authorities, FE and HE providers, and national partners including the HCA, to address the challenges faced within the D2N2 economy.

Barriers to Business Formation and Growth

Businesses in the D2N2 area are affected by a range of barriers which prevent them from achieving their full potential in relation to sales, productivity and employment. Whilst these are not unique to D2N2, there are a number of local solutions which could help to address them:

- **Access to funding to support business formation and growth** – businesses have faced the double challenge of a lack of internal funding to support growth (given the challenging trading conditions which many have faced in recent years), combined with difficulty in accessing external funding in the aftermath of the credit crunch. Access to capital to support business formation has been a particular challenge.

- **Low levels of enterprise and entrepreneurialism in D2N2** – the LEP area has only 314 businesses per 10,000 resident population compared to 399 nationally, and has experienced a greater decline in business starts than other areas since 2007.

- **Underinvestment in innovation and R&D**, resulting from uncertainty over the potential returns, and difficulties in businesses finding the support they need. There are knock on effects for productivity, which is already lower in D2N2 than in many other areas.

- **A lack of co-ordinated financial support and expertise available to SMEs looking to develop business growth and improvement plans**, which could lead to productivity improvements and increased employment.

Challenges in Improving Workforce Skills

A more highly skilled workforce would support a more prosperous D2N2 economy by undertaking higher value activities and generating higher levels of GVA per head. Barriers to improving workforce skills include:

- **Too many young people leaving education without the skills and aptitudes** sought by employers.

- **The subject and career choices made by young people**, with many not being sufficiently well-informed about the potential employment opportunities open to them within the D2N2 area, and the requirements for entry and progression.

- **Difficulties in retaining the graduates** produced each year by D2N2's Universities, and attracting back those young people who
leave the area to go to University elsewhere in the country, with limited access to opportunities within the SME base for graduates.

- **Unwillingness / inability of businesses to invest in workforce training**, resulting from a range of factors including: the cost and relevance of training and lack of return on investment data that provides a demonstrable business impact from the investment made (particularly in the light of changes to funding availability); fear that trained staff will be poached by other employers; and inability to locate appropriate training courses to meet specific skills gaps.

- **Lack of investment in workforce planning by companies in a consistent and co-ordinated way**, especially for SMEs, with many organisations not recognising or planning how to transfer knowledge from an ageing workforce to new talent over a long enough period of time.

**Economic Infrastructure Constraints**

To achieve our ambitions, D2N2 needs an economic infrastructure which can enable and accommodate significant employment and population growth. The economic downturn has had a significant impact on the progress of a number of major commercial developments across the area. Whilst improving economic conditions may make some schemes more viable, they will not address some of the key economic infrastructure barriers facing D2N2 including:

- **Shortcomings in our connectivity**, including long rail journey times to other major cities, an under-exploited local rail network, delays on strategic roads throughout the D2N2 area and poor accessibility in some rural areas, all of which are increasing business costs and access to employment, impacting on our competitiveness and constraining growth.

- **The need for significant levels of investment in transport and access improvements** to bring forward some of our key commercial and housing development sites (e.g. access to Infinity Park in Derby, Seymour Link Road at Markham Vale, Nottingham Enterprise Zone, City Centre regeneration and major housing development in Derby, Nottingham and Newark) and address wider connectivity barriers. Planning and development considerations can be seen to render developments unviable in this context.

- The need to **improve access to town / local centres** in order to improve their economic vitality and maintain and enhance them as local employment and retail areas.

- Investment is needed to overcome **constraints to the regeneration of critical sites** (e.g. flood risk preventing development at Derby Riverside, updating services in urban brownfield sites, issues in the remediation of sites in the coalfields areas).

- The **uncertainty over future returns which prevents commercial investment** in employment sites and premises, particularly in smaller developments and rural locations.

- **Housing barriers** including accommodating the population and household growth expected across D2N2 over the next ten years, particularly in the south and east of the area; encouraging private sector developers to develop new homes by addressing financial and transport barriers which are preventing plans from being taken forward; and providing sufficient affordable housing (for sale and for rent), particularly in the rural parts of D2N2.

- Ensuring that all parts of D2N2 are able to benefit from improvements in **broadband connectivity**, by providing investment on an on-going basis where the market will not provide coverage of a sufficient quality.
Opportunities for Growth in D2N2

As one of the largest LEPs in population terms, D2N2 is currently punching below its weight in terms of its economic contribution to national prosperity and growth. There are a number of opportunities which D2N2 can capitalise on, building on its tradition of innovation, manufacturing and export, the presence of a number of world class Original Equipment Manufacturers (OEMs) and its strategic location at the heart of the UK economy, one of the most important being the development of HS2:

- The development of HS2 will provide transformational opportunities for the D2N2 economy, provided connectivity between the hub station and Midland Main Line is maximised, as well as providing significant opportunities for local businesses. There is a need to begin the process of masterplanning around the proposed station site so that the access improvements are in place to maximise the benefits of the investment for all parts of the D2N2 area. There will be further opportunities from the proposed HS2 Maintenance Depot at Staveley and the proposed HS2 College in Derby.

Capitalising on Business Opportunities

D2N2’s opportunities for growth are derived from an understanding of national and international changes in business and consumer demand, changes in technologies, and trends in national and global markets. The factors include:

- The resurgence of some parts of the manufacturing base and a growing number of companies returning production to the UK (although additional support is required to encourage businesses who might be considering moving production back to the UK); increasing exports for high value added products in sub sectors such as transport equipment manufacturing.

- The development of new materials and innovation, partly stimulated by University research and the Technology Strategy Board, led by agile medium sized companies. Innovations in healthcare and advanced materials are particularly relevant to D2N2. There is an opportunity to capitalise on the research strengths and innovation infrastructure within D2N2’s universities, and ensure that R&D activities are commercialised to the benefit of D2N2’s businesses, focussing on D2N2’s priority and emerging sectors. There is the potential to develop a culture of innovation encompassing skills, enterprise and business investment, and support this through investment in the innovation infrastructure, developing strategic facilities and equipment that helps to embed key businesses within the D2N2 economy and potentially attract inward investment.

- The presence within D2N2 of a number of major employers and UK head offices, including Rolls Royce, Alliance Boots, Toyota, Speedo, British Sugar, Thorntons, Capital One, Experian and Bombardier, amongst others, creating employment opportunities across a number of sectors as well as business services / professional occupations.

- Increasing demand for quality leisure opportunities, as the international and European economies recover, provides the potential to develop the visitor economy across the D2N2 area. Particular opportunities are linked to the quality of the rural environment, and the opportunity it offers for leisure pursuits such as cycling, and the potential to develop D2N2’s high quality cultural offer. In order to strengthen the visitor economy sector within D2N2 there is a need for capital investment in visitor attractions.

- Increasing demand from international inward investors – nationally, UKTI has reported an increasing number of investors from
China, India and other parts of Asia choosing the UK, adding to continued demand from Europe and the United States. D2N2 already has a strong multi-national presence and is the location for a number of overseas investors, and has the potential to capitalise further on its excellent national and international transport links, and develop the supply chains linked to its priority sectors.

- **SMEs are recognised by BIS as the key enablers of business success.** SMEs account for 71% of employment but make up 99% of businesses, and are an important source of innovation and potential growth for the D2N2 economy, particularly within the rural areas of D2N2.

- There is an opportunity to grow the business base in D2N2 by increasing entrepreneurialism and encouraging enterprise amongst young people, students, graduates and the workforce in all parts of the LEP area. Increasing awareness of enterprise as a career option and providing an environment in which new business start-ups can flourish is an important part of our overall package of business support measures.

- There are further key opportunities for SMEs in exporting and procurement, with support required to help our businesses access new markets both domestically and overseas.

### Spatial Opportunities

The D2N2 economy takes in a range of markets and locations, which offer a variety of spatial economic opportunities:

- Enterprise Zones and other employment growth areas including Markham Vale, the Creative Quarter in Nottingham, with a particular focus on our priority sectors (e.g. Life Sciences at Nottingham EZ and Transport Equipment Manufacturing at Infinity Park), but which will also provide opportunities for supporting wider business growth, including SMEs. Investment programmes for each area will be focused on unlocking specific opportunities. In addition there is an opportunity to secure a University Enterprise Zone within D2N2, to provide a location for new, high-tech, innovative start-up businesses which can benefit from University expertise.

- Proactive response to population growth and housing demand through planning for substantial housing growth in the east and south of the area, focused in the Derby and Nottingham urban areas as they extend into the shire counties, and Newark, with targeted interventions to support growth in other key towns.

- Priority regeneration areas, focused on physical interventions (e.g. tackling flood risk constraints to development of critical sites, Green Infrastructure and site remediation) to unlock new growth opportunities in areas that are considered to be difficult to develop.

- Targeted interventions to tackle our most pressing social exclusion challenges, focused on the most deprived neighbourhoods in identified deprived areas across the D2N2 LEP area, integrated with our EU Structural Investment Funds programme.

- Addressing the opportunities and challenges in our market towns, villages and rural areas, building on the economic opportunities that these parts of our area offer – e.g. fast growing and innovative small firms, the agri-food sector and the opportunity to harness the potential of the digital economy as superfast broadband is rolled out – enhancing quality of life and improving access to opportunities.
Our Approach and Key Programmes

Our Approach

The diagram shows the key programmes of activity we will undertake within each of our five strategic themes – business support and access to finance, innovation and employment and skills, infrastructure for economic growth, and housing and regeneration. There are close links between the strategic themes and in practice many of our programmes, whilst sitting within one theme, are closely aligned with others, for example our sector development programmes will draw on resources from the business support and access to finance, innovation and employment and skills themes, and will also influence investment through our economic infrastructure theme.

We will invest in a number of integrated activities, including rural development, social inclusion and digital take-up, which will run throughout the interventions across all five strategic themes.

Whilst our priority and emerging sectors will be the focus for our Sector Plans and Skills Action Plans, we will adopt a flexible approach to ensure that we are able to support and realise emerging growth opportunities across the economy, encouraging a culture of enterprise and supporting all businesses to achieve their growth potential.

All of our interventions will contribute towards our strategic target of creating 55,000 additional private sector employee jobs in D2N2 by 2023.

Our Vision:
A more prosperous, better connected, increasingly resilient and competitive economy

Our Strategic Objectives:
- To make D2N2 the most competitive and sustainable business location in the UK
- To develop the skills of our young people and our workforce
- To grow our key sectors

Our key interventions will be:
- Business Support and Access to Finance
- Innovation
- Employment and Skills
- Infrastructure for Economic growth
- Housing and Regeneration

We will invest in integrated activities including:
- Growth Hub - Portfolio of access to finance solutions - Sector Development Plans - Business Growth Fund - Building our international links
- Innovation Programme, incorporating infrastructure; skills; R&D; graduate talent; finance; and networks
- Meeting key sector needs - Employability & Enterprise - Reducing unemployment - Increasing employer uptake - Higher level skills development - Skills Capital Programme
- Strategic Infrastructure Packages - East Midlands Connectivity - Midland Maritime Connectivity - Superfast Broadband Connectivity - Key sites programme - Accelerating the delivery of affordable homes - Re-balancing our estates

Our priority sectors are:
- Transport Connecting
- Life Sciences
- Creative Industries
- Food and Drink Manufacturing
- Aerospace
- Visitor Economy
- Low Carbon Goods and Services
- Transport and Logistics

By 2023, we will have created:
55,000 additional private sector employee jobs

We will also support and realise emerging growth opportunities across the economy, and encourage a culture of enterprise
### The D2N2 SEP – Our Key Programmes

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<th><strong>The D2N2 SEP – Our Key Programmes</strong></th>
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<tr>
<td><strong>D2N2 Growth Hub</strong> – we will simplify the business support landscape and drive up business growth by providing a single point of contact for businesses, providing expert and tailored advice ranging from enterprise and start-up support, to business improvement and international trade activity.</td>
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<td><strong>A portfolio of Access to Finance solutions</strong> – D2N2 LEP will work with partners including other Local Enterprise Partnerships to promote and facilitate the availability of a range of business finance solutions to ensure local businesses can access the financial support they need to grow.</td>
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<td><strong>Sector Development Plans</strong> – for each of D2N2’s priority and emerging sectors, we will publish an industry-led development plan, setting out the support the sector needs to grow, covering business support, innovation and skills.</td>
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<td><strong>Business Growth Fund</strong> – we will build on the success of existing RGF-funded activity in D2N2, using proven mechanisms to ensure excellent value for money, supporting businesses to make capital investments to accelerate growth and enable innovation, and sustaining visitor economy marketing campaigns.</td>
</tr>
<tr>
<td><strong>Building our international links</strong> to promote trade and attract inward investment to strengthen the resilience of our key sectors and develop the supply chains of our OEMs</td>
</tr>
<tr>
<td><strong>An Innovation Plan for D2N2</strong> – building on our long history of innovation and encompassing: infrastructure; skills; R&amp;D; graduate talent; grants and finance; and networks.</td>
</tr>
<tr>
<td><strong>D2N2 Employability Framework</strong> – working with schools and employers to ensure all young people in D2N2 are informed about enterprise, entrepreneurship, career insights and employability. We will ensure that they make better-informed careers choices and are more entrepreneurial, adaptable and resilient to labour market change.</td>
</tr>
<tr>
<td><strong>Business Skills Engagement</strong> – providing an extended employer engagement service for SMEs, to encourage investment in skills. We will support face to face engagement with SMEs that have not previously been engaged in the skills and training system, to identify opportunities for traineeships, apprenticeships, student and graduate placements and encourage employers to work with our schools, resulting in a more skilled workforce and more competitive businesses.</td>
</tr>
<tr>
<td><strong>Sector Skills Action Plans</strong> – we will develop sector skills action plans to shape skills provision within each of our priority sectors and ensure employers have access to the skilled workforce they need to drive their businesses forward.</td>
</tr>
<tr>
<td><strong>Unleashing Growth in our Cities</strong> – we will support a range of activities to unlock housing and employment sites in our cities (including the Nottingham Enterprise Zone, Creative Quarter and City Centre, and Infinity Park Derby), including transport and access improvements, place-making and tackling flood risk to remove constraints to economic growth and de-risk investment.</td>
</tr>
<tr>
<td><strong>Unlocking the potential of our larger towns</strong> – similarly in our larger towns, we will unlock housing and employment sites (including Markham Vale EZ), including transport and access improvements, place-making and tackling flood risk to remove constraints to economic growth and de-risk investment, and improve access to major employment sites within our larger towns, particularly Chesterfield, Mansfield and Ashfield, including walking, cycling and bus networks.</td>
</tr>
<tr>
<td><strong>Supporting our market towns and rural areas</strong> – we will support the vitality of market towns as local centres for employment, shopping and services, and in many cases key centres for tourism, including innovative and flexible public transport solutions to meet access needs in surrounding rural areas.</td>
</tr>
</tbody>
</table>
### The D2N2 SEP – Our Key Programmes

**Priority Growth Corridors** – we will support road and rail improvements within our priority growth corridors to reduce congestion and release growth potential. We will continue to engage with the Highways Agency as it takes forward its Route Based Strategies within the region, and we will work with Network Rail and train operators on targeted improvements to the rail network and services.

**Maximising the benefits of High Speed 2** – we will begin the process of preparing for the arrival of HS2, masterplanning the potential station hub and maintenance depot, putting in place the connectivity improvements that will enable all parts of the D2N2 area to benefit, and supporting our businesses to take advantage of the business opportunities it provides. We will also provide the skills needed to deliver this vitally important national infrastructure project, establishing an HS2 skills academy based on our rail engineering expertise.

**A Key Sites Programme** – working closely with the Homes and Communities Agency, we will develop a Key Sites Programme to promote the viability and deliverability of key sites for mixed use development across the LEP, where development cannot be taken forward by the private sector.

**Affordable Homes** – working with our local authorities with housing stock, we will draw on the enhanced Housing Revenue Account borrowing opportunities to support the development of new affordable homes where there is clear evidence of demand.

### Building on Success

Our key programmes will build on the success of existing programmes. We already run several exemplar programmes, such as the Nottingham Apprenticeship Hub, and we will look to continue and extend their benefits where appropriate, introducing new programmes of activity only where they clearly add value to existing interventions.
Strategic Theme: Business Support and Access to Finance

"Toyota sources parts for all of its European manufacturing plants from across Europe. Transporting parts is a significant cost, in terms of cash, carbon and time. A significant portion of Toyota’s European supply chain is based in the UK but with the current growth of vehicle production in the UK there is an opportunity to attract more suppliers into the region. To do this the region needs good infrastructure, effective growth strategies and good understanding between business and local government. All of these are being further developed by the D2N2 LEP."

Tony Walker, Managing Director, Toyota UK

"Unfortunately landlords gave up building factories with decent office space when most manufacturing fled to the Far East and facilities like these are not available to a young company with a lot of growth potential but little credit history."

Lyndon Sanders – Director and General Manager FAR Composites

"Without the grant from D2N2’s UI4G programme we wouldn’t have had this new machine, especially this early. It has been a very worthwhile process and allowed us to move forward and create jobs much sooner than expected."

Danny Fantom, Managing Director, FC Laser

Introduction

D2N2 has a large and diverse business base across a wide range of sectors, from a high number of self-employed people and micro-enterprises (particularly in some of the rural parts of the region), to major Tier 1 manufacturers with global supply chains. In order to achieve our ambition for employment growth, we need to grow and strengthen all parts of our business base across rural and urban areas, and support increased productivity, higher levels of enterprise, increase investment and entry into new markets. This theme has close links to our innovation and employment and skills themes. Improving the skills of our workforce and future workforce will make an important contribution to business success, and we wish to re-shape education and training provision in D2N2 to meet business needs (see Employment and Skills section). Our innovation priorities include the provision of innovation-focussed business support, including skills for innovation, R&D support, grants and finance and the development of business and practitioner networks.

Why is Business Support and Access to Finance Important?

Successful economies need a thriving business base, and SMEs play a particularly important role in driving economic growth through innovation, competition and job creation. Recent analysis from BIS\textsuperscript{15} reiterates the important role SMEs play in creating competition, which in turn leads to

\textsuperscript{15} SMEs: The key enablers of business success and the economic rationale for government intervention, BIS Analysis Paper Number 2, December 2013
higher rates of productivity and economic growth. SMEs also make a disproportionately large contribution to job creation.

Given D2N2's employment growth targets, and the current 'gap' in the business base, encouraging higher levels of enterprise and stimulating growth within the existing SME base will be a crucial part of our overall Strategic Economic Plan. We have identified priority sectors which will be a focus for our activity but providing a consistent and coherent business support and finance offer across D2N2 is a key aim. This will ensure all growing businesses (in any sector) can access the support they need, enable SMEs to understand the support available and ensure they are provided with the most appropriate provision.

Opportunities

- Emerging opportunities from developments in technology and global demand, particularly linked to advanced manufacturing, medicine and bioscience and digital content.
- Opportunity to increase the already large business base – over 66,000 enterprises across D2N2 – by stimulating entrepreneurialism amongst young people, students, graduates and the workforce and supporting higher levels of enterprise and business start-up
- Build on supply chain opportunities linked to D2N2’s major businesses, including targeted inward investment opportunities linked to our prime manufacturers, priority sectors and key development sites. We will work closely with UK Trade and Investment, through D2N2’s existing in vestment agencies, rather than seeking to establish D2N2 as a ‘brand’ for FDI in its own right.
- Capitalise on strengths within D2N2’S priority sectors – transport equipment manufacturing; medicine / bio-science; construction; food and drink manufacturing; visitor economy; low carbon goods and services; transport and logistics and creative industries.
- Support high growth manufacturing sub-sectors and increase the already high level of exporting by supporting more manufacturing businesses to enter (a wider range of) international markets
- Opportunities for R&D projects, spin-outs, knowledge transfer and HE collaboration, particularly linked to our priority sectors
- Support all businesses with growth potential, whatever their sector, size or location
- Build on the package of incentives developed through Nottingham’s City Deal to provide enhanced support to businesses across the D2N2 area.

Challenges

- Continued globalisation of both manufacturing and services leading to an increasingly competitive trading environment
- Overall low business density and low start up rates – 11,500 additional businesses needed to close the business density gap, meaning that encouraging enterprise across D2N2 is a key priority
- Low average levels of productivity (GVA per full-time equivalent employee) and widening gap with the England average
- Limited senior manager time and in some cases expertise to develop and implement business growth plans, and difficulties in finding, accessing and paying for external support.
- Difficulties in accessing the finance required to invest in business growth. Some businesses are unaware of what finance options are available to them and how to go about accessing the funds they need to grow.
Overall Scope of Business Support Activity in D2N2

There is a range of business support projects and programmes operating within and across the D2N2 area. These vary considerably in their scale, (geographical and sectoral) coverage and the nature of the support they provide, ranging from enterprise education and entrepreneurship programmes, through business growth and business improvement support, to international trade and inward investment activities.

Key partners involved in the business support and business growth agenda include:

- Private sector providers, including professional services organisations such as accountancy and law firms
- Finance providers including the banks, venture capital and other corporate finance specialists, and non-traditional sources such as Community Development Finance Institutions (CDFIs)
- Business-led bodies, including the Derbyshire and Nottinghamshire Chamber of Commerce, the Federation of Small Businesses and the CBI
- National delivery agencies, including the organisations responsible for delivering Manufacturing Advisory Service, Growth Accelerator and UK Trade and Investment in the D2N2 area
- The local authorities, including unitary, County and district level councils, several of whom run business support / grant programmes
- The Universities, who deliver a range of activities supporting business growth, including sectoral growth programmes; innovation support; higher level, technical, management and leadership skills; international support; graduate employment opportunities and student enterprise; and business improvement programmes
- Sector bodies including the Nottingham Creative Industries Group, the Derby & Derbyshire Rail Forum and Medilink East Midlands, amongst others.

Resources available to fund business support activity in D2N2 include:

- Approximately £60m of Regional Growth Funding, with an existing D2N2 RGF programme, as well as the Derby Enterprise Growth Fund, N'Tech Fund, Global Derbyshire and a range of projects led by individual businesses across the LEP area
- BIS funding for national programmes including MAS, Growth Accelerator and UKTI (over £12m during the period covered by the Strategic Economic Plan)
- Nearly £50m ESIF funds allocated to relevant Thematic Objectives through the D2N2 ESIF Strategy

Despite, or perhaps as a result of, the plethora of initiatives being delivered, businesses find it difficult to locate and access the support they need. We are therefore proposing a number of specific initiatives as part of the Strategic Economic Plan, to address these challenges.

Our Priority Actions

Whilst partners across the D2N2 area provide a wide variety of support to businesses, the D2N2 LEP has identified a number of areas in which additional intervention (or continuation of existing support) is required to help us achieve our target of 55,000 additional private sector jobs across the D2N2 area by 2023.
A Growth Hub

One of our key enabling actions will be to establish a Growth Hub, operating across the D2N2 area. Our ambition is to simplify the business support landscape and ensure a consistent and coherent business support offer is available across the D2N2 area. This will enable us to provide better support to new and growing businesses by aligning services provided by public, private and third sector providers, whilst avoiding duplication and ensuring the most effective use of public money. The Chamber of Commerce and Nottingham, in its capacity as a Core City, will bring forward proposals for establishing a Growth Hub covering the whole D2N2 area.

The Growth Hub will provide a single point of contact for both start-up and existing businesses, providing expert and tailored advice ranging from enterprise and start-up support, to business improvement, growth and international trade activity.

The Growth Hub will ensure that support provided locally by national providers, including the Manufacturing Advisory Service, Growth Accelerator and UKTI, is informed by local information and intelligence and existing exemplar support programmes as well as being and tailored to the specific needs of D2N2 businesses. It will also provide an entry point for businesses seeking funding advice and finance, including access to D2N2’s existing Unlocking Investment for Growth RGF fund and other ‘local’ funds together with routes into locally based centres of excellence such as the innovation services provided by Universities and equity based loan finance.

The Growth Hub will provide support and advice to all businesses across the D2N2 area, whatever their size, sector or stage of development.

A Portfolio of Access to Finance Solutions

Access to finance has been a significant barrier to business growth since the onset of the recession in 2008. Drawing on a number of sources of finance, including RGF, European Structural and Investment Funds, emda legacy funding and other sources, D2N2 LEP will work with partners including other Local Enterprise Partnerships to promote and facilitate the availability of a range of business finance solutions to ensure local businesses can access the financial support they need to grow.

Sector Development Plans

D2N2 LEP has identified eight priority sectors which are of strategic importance to the future of the economy – transport equipment manufacturing; life sciences; food and drink manufacturing; construction; the visitor economy; the low carbon economy; transport and logistics and creative industries.

Our next priority is to publish industry-led sector development plans. These will consider the opportunities for growth offered by each of the priority sectors and the support that is required to ensure this growth potential is achieved. Issues to be addressed will include:

- Sector-specific skills needs and priorities (see Employment and Skills section)
- Tailored business support services
- Supply chain opportunities and networking
- Cross-LEP linkages and opportunities for international trade
- Innovation - connecting business and academic expertise to increase levels of innovation and speed sector growth, as well as specific innovation investment where required, such as developments linked to the life sciences sector e.g. at BioCity and MediCity.

Our sector development plans will guide the future deployment of resources available to support growing businesses within the priority sectors.
Example – The Visitor Economy

Our Growth Plan for the visitor economy was published early in the New Year. Research has been undertaken to identify our visitor economy offer and we are now developing a set of D2N2 visitor economy investment priorities, with a particular focus on the capital investment in visitor attractions that will be required to maintain our offer to visitors.

We have already identified key themes for the next three years:

2014 – a Year of Cycling
2015 – a Year of Culture – The Grand Tour
2016 – World Class-World Heritage: 250 years of innovation

Business Growth Fund

The Business Growth Fund will build on the success of existing RGF-funded activity in D2N2 which is due to conclude shortly, using proven mechanisms to ensure successful investments and excellent value for money. The Business Growth Fund will be a flexible fund, linked to the Growth Hub, that will offer incentives to support SMEs and inward investors, particularly in our priority sectors, to make capital investments to accelerate growth, create sustainable employment and enable innovation to enhance competitiveness. We will also sustain visitor economy marketing campaigns linked to our identified key attractor assets to promote increased visitor spend and employment growth within the visitor economy.

International Trade and Investment

We will work with our existing delivery partners to support the development of stronger international trade and investment links, building on existing civic, university and business links. We will seek the support of UKTI to build in-market support in overseas markets, developing closer collaborative ties and ensuring that inward investment and collaboration opportunities flow back to the D2N2 area.
**Strategic Theme: Innovation**

“MediCity has the immediate advantages of being located on the Boots site in Beeston within the Nottingham Enterprise Zone. A collaboration between Boots, the UK’s leading pharmacy-led health and beauty retailer and BioCity, the UK’s leading life sciences incubation company, the new innovation hub is focused on health, beauty and wellness.

The region’s three universities of Derby, Nottingham Trent and Nottingham will work with MediCity to commercialise research in these three key areas, building on the legacy of world-beating drug development such as ibuprofen and medical technology such as the MRI scanner.

MediCity’s long term ambition is to be a centre of international excellence in the health, beauty and wellness technology sectors. As such we need to draw innovators and entrepreneurs into the region, not only from other parts of the UK but also internationally. We need to attract investment and we need to be able to stand out from other innovation hubs.”

David Browning, Director of MediCity

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**Introduction**

**Objective:** “To support a step change in innovation levels amongst D2N2 companies, and ensure businesses can find out about and access innovation support through their preferred route”. D2N2 will increase business competitiveness through investment in innovation, commercialisation of credible ideas and new product development in our priority sectors and high growth companies, exploiting its research strengths and expertise through knowledge transfer. We will de-mystify innovation for our local SME base and ensure that businesses in all sectors have the opportunity to benefit from innovation in products and processes that strengthen their competitive position.

**Why Innovation is important?**

“Innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations”. (OECD 2005, Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data, 3rd Edition)

In advanced economies innovation in systems, processes, products and services is a principal source of competitive advantage. Like the definition above, locally innovation is perceived as much more than the exploitation of a new technology. Innovation accounts for 51% of UK private sector
labour productivity growth\textsuperscript{16}. It helps firms create new products and services, allows companies to differentiate themselves in market places and improves their performance through new business processes. On average, innovating firms demonstrate four times the sales growth of non-innovating firms in the same sector, have better value added per employee and more exports. The growing importance of small and micro businesses and their contribution to the national economy (“the vital 95%”) should also be recognised\textsuperscript{17}. They can act as a ‘seedbed’ for new innovations\textsuperscript{18}.

Innovation in firms can lead to improved product quality, an increased range of goods and services and the opening of new markets / increasing market share. D2N2 will support new innovations, technological advances and industry developments as part of its strategic economic plans.

Our innovation theme is closely linked to the other elements of our strategy. Investment in skills, in particular, will be required if we are to maximise the innovation potential offered by our business base (including making the most of our graduates and developing leadership and management skills within our businesses to increase capacity for innovation), and it is important that our business support offer and sector focus is aligned with our innovation expertise. Ensuring that we have an economic infrastructure that supports and capitalises on knowledge and innovation is also crucial.

\textsuperscript{16} SMEs: The Key Enablers of Business Success and the Economic Rationale for Government Intervention, BIS Analytical Paper Number 2, December 2013.

\textsuperscript{17} A report on growing micro businesses Lord Young, May 2013

\textsuperscript{18} Op cit (BIS Analytical Paper Number 2)

\section*{Local Innovation Strengths}

Nottingham Trent University (NTU) and Freshcut Foods secured funding for a short Knowledge Transfer Partnership (KTP) to launch a new business, RopeWeaver. Through RopeWeaver other manufacturing SMEs can purchase the operations management system.

The University of Nottingham Business School and Nottingham City Council are working together to offer a support package for 100 small businesses in the city that want to fulfil their growth potential by developing not only the business but their owners as well.

Enterprise Inc is EMIN’s flagship scheme, supporting the start-up and growth of graduate businesses, working through East Midlands’ University partners.

D2N2 contains an excellent range of innovative companies large and small, from highly innovative SMEs like Sygnature Discovery and Molecular Profiles in Nottingham to large employers and multi-nationals such as Toyota UK, Alliance Boots, EoN, Capital One, Experian and Rolls Royce.

A project between AB Agri and Nottingham Trent University grew from the need to try and minimise the European impact of biofuels on the environment.

University of Derby Corporate (UDC) worked with Toyota in the delivery, development and ongoing technical support of a new online learning platform designed to support staff training and development.

These companies are supported by a number of higher education and research strengths. The area is home to three universities – the University of Derby, the University of Nottingham and Nottingham Trent University – which, combined, educate around 80,000 university students including many from international sources at any one time.

The sheer scale of activity at the Universities in terms of research and major partnerships with industry is worth noting. There are hundreds of researchers and PhDs working in areas critical to business innovation in the D2N2 area. Nationally leading research groups exist within the...
areas of Aerospace, Transport, Healthcare and Lifescience, Food and Drink, Construction and Energy and other areas. There also continues to be an innovative approach to multi-disciplinary working within the Universities, reflecting the increasingly organic nature of technology crossing sector boundaries. These groups are linked to some of the major world players in research and development including, Rolls-Royce, BAe Systems, Boeing, Airbus, JLR, Ford, Bombardier, AstraZeneca, Sanofi, Novartis, Unilever, PepsiCo, Mars, E.ON, National Grid, Alstom, Vinci Construction and many more. Through these links the Universities can help support D2N2 inward investment and business growth initiatives.

Various research groups are also undertaking many activities with local businesses through targeted networking activities, for example, the East Midlands Chemistry Using Business Forum, the Precision Manufacturing Business Network (joint with the MAA) and Nottingham Manufacturing Network, and there are Energy and Aerospace outreach programmes.

Universities also have a role in commercialising the IP evolving from research including undertaking licensing, joint ventures and setting up spinout companies. Nottingham has a portfolio of 30 spinout companies, some of who have grown into strong economic contributions, such as Molecular Profiles and Oncimmune. Many are operating in the priority sectors. BioCity, one of Europe’s largest bio-science incubators, is a joint venture between the University of Nottingham and Nottingham Trent University.

Collectively the universities have globally recognised and active world class research-led activities and facilities based on strong relationships with international, national and local employers such as GlaxoSmithKlein, Ford and Rolls Royce. The Nottingham University Hospital Trust is also one of the largest teaching hospitals in the UK. Many new (innovative) companies have emerged within healthcare drawing on their proximity to the NHS (clinician) and University (an example is Monica Healthcare). The planned MediPark will enable the benefits of close relationships between clinicians and new technology companies to be maximised.

A Nottingham based business is helping East Midlands microbrewers export their beers to China, with the support of The University of Nottingham

The D2N2 area has a strong and diverse incubation offer as well as some nationally important assets/clusters including Bio City Nottingham and Rolls Royce Global Technology Cluster. It demonstrates excellence in high-tech manufacturing, particularly transport, life sciences, and construction. We also have business networks including specialist sector based innovation collaborations in life sciences, transport equipment and food and drink. A network of innovation centres is supported in Derbyshire and Nottinghamshire which offers high value business growth space and business support packages to tenant and virtual businesses outside the two cities. The three iNets also drive the uptake of innovation and facilitate the interaction of SMEs from all parts of the D2N2 area and academia, an important role highlighted in the Witty Review. Witty also highlights the importance of Universities providing SMEs with a single and accessible point of entry.

A new business network is being launched which aims to give Nottingham’s manufacturing companies a competitive advantage. The Nottingham Manufacturing Network has been set up by Nottingham City Council and The University of Nottingham.
Opportunities

- Building on our on-going activities within the universities and wider innovation ecosystem, and our work with employer-led groups in the priority sectors, to achieve a step change in innovation across all parts of D2N2, de-mystifying the innovation process amongst our SME base and raising awareness amongst businesses that innovation incorporates a wide range of activities (not just R&D).

- Improving innovation intelligence and capturing real-time business requirements where the pace of technology change is often rapid.

- Building on our experience of business led ‘networks with a purpose’ and promoting more prolific cross sector working.

- Exploiting R & D projects, spin out enterprises and HE collaboration in sectors such as transport equipment and life sciences and maximising the technology potential of HS2.

- Initiatives specifically targeted to aid commercialisation of innovation in the ‘Key Enabling technologies’, ‘Great Eight Technologies’, and ‘Health-Science’ technology fields.

- Clustering of innovation activity and investment at Infinity Park (Derby), the University of Nottingham Innovation Park, BioCity, the Creative Quarter, Markham Vale and Nottingham EZ (Boots, Medipark).

- Building innovation in the local supply chain by enhancing links with multi-nationals such as Toyota, Rolls-Royce and Bombardier and helping smaller businesses bring new innovations to the marketplace.

- Increasing demand for low carbon goods and services and the number of local firms actively involved in their development including power generation, retrofit and building construction, low carbon vehicles and fuels and energy technologies including carbon capture and storage.

- Building on successful examples of innovation and previous investments from new facilities and equipment to training, placements, commercialisation and innovation support. For instance Nottingham University has a single SME portal to guide SMEs into the university and discussing what they may need. NTU’s Future Factory was specifically developed to provide support in sustainable design and business practice from its two internationally recognised design schools.

- Promoting innovation support through the Growth Hubs (the Government suggests small businesses play a crucial role in developing new ideas and stimulating change and is making it easier for them to access innovation funding through TSB Smart Grants and other mechanisms).

- The Universities are able to draw together HEFCE (HEIF funding) Research Council (Translational Funds for Research) and TSB funds (research exploitation funding) to stimulate Knowledge Exchange in its various forms with businesses. The LEP could play a key role in leveraging these funds locally.

- Investing in further infrastructure that allows companies and universities to work together to ensure a rapid exchange of knowledge and commercialisation of opportunities.

- Higher education skills and graduate employment/retention is a key driver for D2N2 as well as developing entrepreneurship amongst overseas students and stronger inward investment links to their native countries. Placements for international students can assist businesses with their internationalisation ambitions.

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19 Small Business, GREAT Ambition, December 2013, HM Government.
Challenges

- Counteracting the perceived complexity of innovation funding mechanisms amongst some local companies and a feeling that innovation support is too narrowly focused solely on scientific R&D.
- A step change is required in graduate placements, mentors and promotion of placements in smaller local companies, bringing graduate talent to SME innovation. Undergraduate placements can also have a role to play in promoting innovation.
- Increasing the absorptive capacity for innovation within local firms who tend to have a lower than average number of highly qualified workers. Accessing innovation active SMEs or SMEs with potential given their low risk appetite.
- Up-skilling businesses in order to be able implement new innovation measures. For example to implement a new innovation or to supply, service and maintain new technologies. In some case individuals need retraining to work with new technology.
- Promoting innovation within our learning infrastructure - capturing the interest of young people early on at school and subsequently within FE and HE institutions.
- Simply communicating the scale of on-going activity and range of technical expertise. The challenge is partly visibility but also navigation i.e. channelling companies to the right people and working with them to understand how their company might benefit.
- Linked to the above the sheer range and diversity of innovation activity can seem daunting – SMEs could benefit from an overview of relevant innovation opportunities and the provision of an appropriate organisational structure.

Overall Scope of Innovation Activity in D2N2

There is a range of innovation projects and programmes operating within and across the D2N2 area. Innovation performance depends not only on how specific actors (for example companies, research institutes, universities) perform, but on how well they interact with one another in an innovation system. Local stakeholders will need to work together to enhance the capacity and capability of our local innovation ecosystem.

Key partners involved in the innovation agenda include:

- The private sector from multi-national enterprises and large companies to micros and small firms across a broad range of sectors.
- Research and learning organisations - HE and FE institutions including research centres and institutes, private training providers and schools.
- Business-led bodies including sector networks.
- National agencies, including the organisations responsible for delivering Manufacturing Advisory Service, Growth Accelerator and UKTI and bodies such as the Technology Strategy Board.
- The local authorities, including unitary, County and district level councils, several of whom run or fund innovation programmes.

The Witty Review claims there is significant scope to better align funding streams, organisational focus and increase cross institution collaboration to avoid delays in ideas reaching maturity and the risk of British inventions

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20 D2N2 is in the mid-range of LEPs in terms of patents per 100,000 residents (9.2 per 100,000) and the level of employment in the knowledge economy (17.8%, 23rd out of 39 LEP areas.)
building foreign industries”. Locally we are determined to maximise resources available to fund innovation activity.

- Derby City Council secured £40 million from the Regional Growth Fund (RGF) to grow enterprise and create jobs in Derby and its travel to work area. £20 million has been made available directly to businesses to support: innovation, expansion and investment.

- Nottingham City Council secured £10 million from RGF to help fund the Nottingham Technology Grant Fund that is drawing in an additional £40 million of investment to help SMEs in the Life Sciences, low carbon / cleantech and digital content sectors commercialise their new products and services.

- Universities are able to draw on wide range of resources from HEIF (Higher Education Innovation Fund) and other knowledge exchange funding sources. These sources include significant research funding from public and private sources, leading to new IP, facilities and expertise. In 2011/2012 the three universities spent over £92m on interactions between business and the wider community (£2.4m of this was for SMEs only).

- BIS funding for national programmes where they can be used to achieve innovation objectives.

- £42.8m including some £21.4m ERDF allocated to innovation through the D2N2 ESIF Strategy and a further £42.8m for low carbon (again including some £21.4m ERDF).

- Other EU funds such as Horizon 2020 which will support and accelerate research and innovation as part of the drive to create new jobs and growth in Europe.

- Local authority funding.

Our Priority Actions

Whilst partners across the area will provide a wide variety of support to businesses, the LEP and its partners has identified six areas in which additional intervention (or a continuation of existing support) is required to help us increase levels of innovation.

1. **Infrastructure for innovation**: capital investment in a network of advanced innovation facilities and equipment to foster innovation, with a focus on our priority sectors. For instance BioCity has seen substantial investment, Infinity Park Derby includes proposals for an Innovation Hub and there will be major investment in the Nottingham Enterprise Zone and the University of Nottingham Innovation Park. The University estates have also had considerable infrastructural investment in buildings, facilities and equipment.

2. **Skills for innovation**: offering new skills to implement a new innovation or to supply, service and maintain new technologies as well as management and leadership development particularly for SMEs. (Lord Young’s work on ‘Growing Micro Business’ (May 2013) highlights the role of Business schools here).

3. **Research and Development for innovation**: this includes helping businesses fund the development of ideas and connecting businesses with expertise and equipment.

4. **Graduate talent for innovation**: getting graduates into existing businesses and starting their own enterprises. BIS notes recently that “graduates drive productivity improvements through both their direct labour contribution and by enhancing the productivity of others”.

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21 Collaborative Research Income (30%), Contract Research (25%), Courses for Business and Community (18%), Consultancy Contracts (10%), Facilities and Equipment Services (5%), Regeneration and Development income (excludes capital funding) (4%), IP income (e.g. from licences) (0.2%); Sale of spin-off shares (0.1%).

22 Op cit (BIS Analytical Paper Number 2)
5. **Grants and finance for innovation:** to help business exploit their ideas and find a route to market (in international and export markets for instance) through an appropriate suite of funding support. Alongside infrastructure this is a key enabler for innovation.

6. **Networks for innovation:** encouraging like-minded self-directed communities of practice to collaborate on innovation activities. These networks (generalist and sector specific) will also provide a direct route into the wider support available.

The above will be informed by intelligence from an innovation observatory. A current D2N2 innovation survey is analysing the nature of innovation locally and identifying opportunities and challenges that businesses have in supporting innovation in their workplaces. This is the first phase of an ongoing programme of understanding innovation within our priority sectors, evaluating what works in D2N2 and identifying emerging clusters and technological opportunities. Part of this work will seek to understand how effective we are at drawing down funding for investment in innovation, such as through the TSB and the EU.
Strategic Theme: Employment and Skills

As a company focused on developing new technologies for reducing the weight and emissions of all kinds of vehicles we need to be recruiting and developing the most advanced composite thinkers in the world. This means we need to recruit some highly skilled thought leaders and a cadre of young engineers with an ability to learn and an ambition to work in engineering. Finding and developing these kinds of individuals is the basis of our future and that of high value UK manufacturing.

Lyndon Sanders, Director and General Manager FAR Composites

“One of the largest challenges the company faces is recruiting skilled staff to work in most departments. Unfortunately due to the massive turn down in business right across the world we have lost a considerable amount of the key skills required in manufacturing.”

Richard Munyard, Managing Director of S&S Plastics

“I welcome the launch of D2N2’s skills plan. There is a clear commitment to driving up apprenticeship opportunities and to working with employers, colleges and training providers to prioritise the skills needs of business now and for the future. The next stage must be to turn the plan into action, and for the benefits to be felt by employers and learners on the ground.”

Matthew Hancock MP, the Minister of State for Skills and Enterprise, welcomed D2N2’s Skills for Growth Strategy.

Introduction

Employment and skills are a cornerstone of our Strategic Economic Plan. D2N2 LEP is committed to increasing the number of jobs within the economy and ensuring that our businesses can access the skilled workers they need, both now and in the future. We will strongly support interventions to increase employment and skills at all levels and across the D2N2 area, recognising the need both for higher level skills but also for entry-level and employability skills to ensure people are able to access employment opportunities and progress within the labour market, including capital investment to ensure our FE facilities provide an environment in which the skills needed to drive economic growth can be obtained. We will agree a Skills Deal with Government, aligning resources to address our shared employment and skills priorities of increasing competitiveness and driving up workforce skills in the D2N2 area.

Why are Employment and Skills Important?

The most productive local economies in the UK have large numbers of highly skilled workers, and it is clear that skill levels have a positive impact on the competitiveness of businesses and places. In D2N2 we need to raise the skill levels amongst our young people and within our workforce, as well as ensuring that people in all our communities can participate in and benefit from the economic and employment growth that we aim to achieve.

Whilst skill levels have been improving (for example the proportion of the working age population holding qualifications at level 4+ has risen from 29% to 38% since 1999), further improvements are required if D2N2 is to
close the gap with the national average and strengthen its offer as the most competitive location for business in the UK. Investment is required in a range of activities that will increase skill levels within the workforce and ensure employers can access skilled workers to drive innovation and business growth.

D2N2’s Skills for Growth Strategy sets out our shared understanding of local skills and business needs. The Strategy identifies six priorities for action which will help to improve the competitiveness of businesses and tackle poverty and worklessness and which will sit at the heart of our Skills Deal, supported by employers and partners.

These priorities are closely aligned with the ambitions in our Strategy for Growth, and will be delivered drawing on resources from national partners (including DWP and the SFA), Local Growth Fund and the ESIF, including £85m of ESF funding which will support interventions to reduce worklessness, response to redundancy, careers service, in work skills (not including apprenticeships) and English & maths.

**Opportunities**

- Develop greater employer ownership and leadership of the skills and training system, ensuring that employer skills needs are better articulated and that the system is demand-led.
- Support faster growth within our priority sectors by identifying and meeting sector-specific skills needs.
- Better co-ordination, shared analysis and use of existing labour market and intelligence held by a range of private and public sector partners (including the Sector Skills Councils, ESBs and major employers) to shape skills and employment provision across D2N2.
- Improve business competitiveness, levels of innovation and productivity through the provision of business management and leadership skills, stimulating business growth.
- Better harness the potential of apprenticeships and traineeships to deliver the quality training that businesses need and provide our young people with routes to high quality careers with secure employment prospects, by increasing the number of apprenticeship starts by 20% within D2N2.
- Better positioning and shared understanding of the opportunities provided by higher apprenticeships as a work-based route that leads to a degree qualification.
- Promote and transfer locally-developed best practice in tackling barriers to work, including the practise developed through the Nottingham City Deal, across the D2N2 geography.
- Harness investment in FE capital, working with the Skills Funding Agency, to support place-based interventions to meet skills needs, including an integrated Skills Hub at Nottingham Broadmarsh and supporting a University presence in Chesterfield and Mansfield.
- Locate the HS2 Skills Academy in the D2N2 area to take advantage of the
specialist facilities and extensive relationships with employers that already exist. All stakeholders are committed to working collaboratively to provide a centralised locality, without any need for LGF funding.

- Promote enterprise across the workforce, including in schools, colleges and universities in order to increase business start up rates, including enterprise summer schools / boot camps and the active engagement of entrepreneurs in residence as ambassadors for this area of activity.

- Build on the work being undertaken across D2N2 to raise levels of youth employment and ensure that young people are better informed about labour market change and the implications for skills and employability including through improving the quality and consistency in availability of careers advice.

- Work with the Universities (including the Careers and Employability teams), business community and other partners to increase student and graduate recruitment and retention within D2N2 through internships and placements (including summer placements), and a graduate recruitment programme, and harness the value of the universities’ international students fort he benefit of D2N2’s businesses.

- Stronger FE / HE partnerships to meet employer demand for STEM skills across a number of sectors and to encourage female talent into STEM careers.

**Challenges**

- High levels of worklessness, unemployment, under-employment (part-time working) and youth unemployment, concentrated in particular locations within D2N2.

- Concerns about the work readiness of young people, and employer willingness to recruit new entrants to the labour market. This is a particular challenge in the light of the ageing workforce and high levels of replacement demand for labour likely to be required in the coming years, and increases the importance of providing consistent, relevant, locally-focussed careers advice.

- Decline in entry to part-time higher education courses, with implications for social mobility and workforce skills.

- Complexity or provision and access routes for those furthest from the labour market.

- Smaller companies are less likely to see the value of investment in training and unwilling to commit resources (money and time) to training that does not meet their specific needs.

- Ensuring the supply-side of the skills system can recognise employer needs and respond to their demand in an effective and co-ordinated way, which employers can navigate easily.

- Graduate retention within the region / skills and business start-up flight.

**Overall Scope of Employment and Skills Activity in D2N2**

For individuals, there is a close connection between skills and qualifications, the likelihood of being in employment and levels of earnings. For employers, a more skilled workforce results in higher levels of productivity and increased adaptability in response to market changes. A range of interventions is being delivered across the D2N2 area to raise levels of employment and increase skills within the workforce, and we will develop a D2N2 Escalator to Employment to ensure a joined up pathway of support to bring people into the labour market. This will build upon the good practice already in place and link traineeships, apprenticeships and other interventions in a cohesive and supportive package. Key partners involved in the employment and skills agenda include:
- The private sector, with employers increasingly involved in identifying and articulating skills needs and helping the supply-side to respond and nearly two-thirds of businesses in D2N2 investing in training in the past year.
- The local authorities, including unitary and County councils with responsibilities for education (pre- and post-16), as well as the district level authorities with a focus on employment amongst their communities.
- The learning organisations, including schools, FE Colleges, private training providers and HE institutions.
- Business-led bodies including the Chamber, FSB, CBI and sector networks.
- National agencies, including DWP, the Skills Funding Agency and the National Apprenticeship Service.

Our approach to skills and employment will ensure that we avoid duplication; meet the needs of employers; deliver more joined up working; match skills to employment destinations; remove barriers to employment and deliver a step change in performance across D2N2.

We are committed to acting at the most appropriate geographical scale to raise levels of employment and skills within D2N2 and will support the activities of the ESBs and other local partnerships. The role of the LEP will be to maximise the resources available for employment and skills interventions, including DWP and SFA budgets, and discretionary resources such as ESF.

Our Priority Actions

Our aim is to ensure that supply meets demand, that businesses in the D2N2 area have the skills they need available to them locally and that our residents are equipped to access the opportunities we create.

Strategies to reduce unemployment and increase skills levels already exist and are being delivered at a local level in both the N2 and D2 areas, driven by local Employment and Skills Boards. Through a robust partnership approach we aim to build upon this to share and roll out good practice across the D2N2 LEP area, create a step-change for demand-led provision, work collaboratively to best utilise funding to maximise impact and influence skills and employment provision to be outcome and destination focussed.

With this in mind the key areas of focus for D2N2 will be;

Meeting the Needs of Key Sectors

We are developing Sector Skills Action Plans to shape skills provision within each of our priority sectors and ensure employers have access to the skilled workforce they need to grow and prosper.

D2N2 has established employer-led Consultative Task Groups in each of our eight priority sectors to help shape and develop a sector specific Skills Action Plan. The Task Group stakeholders include employers of all sizes, Sector Skills Councils, membership bodies and providers with a particular knowledge of each sector. The Action Plans will set out labour market information for each sector, inform skills and funding gaps, map existing provision across the D2N2 area, identify the barriers faced by employers within the sector to meeting their skills needs and contain solutions for a new skills landscape for their sector. Working with the local provider base we will then use these plans to commission a programme of sector focused demand led training for both the existing workforce and new employees.
Increase Employability and Enterprise Skills

Our aim is to ensure all young people in D2N2 are informed about enterprise, entrepreneurship, career insights and employability, so that they make better-informed careers choices with an understanding of current and future economic growth in D2N2, and are more aspirational, adaptable and resilient to labour market change.

Whilst existing frameworks and programmes are available, they are not meeting employers’ needs for work ready young people, and have little involvement or buy-in from schools. We propose to create a D2N2 Employability Framework for schools covering employability and enterprise. To ensure the D2N2 framework is different, it will be co-designed by groups of young people and employers, supported by stakeholders including schools, parents and service providers which will influence buy in so schools see it as part of the their core offer to young people, and it is delivered as part of the mainstream curriculum.

Within the overall D2N2 Framework, developing a local Charter will ensure that local challenges are addressed, while a common framework is adopted across the D2N2 geography.

Alongside the Framework we will look to develop an integrated package of support to schools (which includes work experience), and link each school to a relevant local employer, sourced either through D2N2 or through local initiatives. We will develop a D2N2 Escalator to Employment to ensure a joined up pathway of support to bring people into the labour market.

To ensure further buy in, through freedoms and flexibilities we are proposing that we become a pilot area for the inspection of employability skills provision within the Ofsted framework for schools.

Reducing Unemployment

While there is a range of provision to support those who are not in work move towards employment, it is disconnected, often working in competition rather than collaboration, there is duplication, it is driven by national policy rather than local need, it sits in isolation from other related policies or interventions delivered at a local level and in some cases is proving to be unsuccessful in addressing the needs of those who have the most significant barriers towards work.

We are seeking to create a seamless pathway from unemployment that removes barriers to progression and connects to real job opportunities that are created. Managed and delivered at a local level, this programme will seek to build upon provision already in place.

Through the recent Youth Contract under-spend programme Nottingham City and areas of Derbyshire through the Sheffield City Deal have implemented an intensive model of intervention. It is our aim to build on existing good practice across the D2N2 area by increasing the local accountability of national programmes and commissioning activity which adds value. Where job seekers experience additional barriers such as the cost of transport, we will seek to remove these barriers through the development of specific programmes to address this need.

Increasing Employer Uptake

The research undertaken for our Skills for Growth Strategy demonstrates that there is still a need to make the case to businesses (particularly smaller businesses) for the value of investment in skills; however the marketplace of support is already overcrowded and confusing for the employer. To tackle this problem, we propose to provide an engagement strategy which will drive a step change in employment and skills provision across the D2N2 area. This will result in:

- localised employer and sector demand-led employment and skills provision
- partnership and collaborative working drawing on good and best practice
The strategy will set out to reach at least 25%-30% of employers, predominantly microbusinesses and SMEs, who are not currently engaged with the skills and employment strategy within the D2N2 area. The strategy will promote an overall D2N2 offer to include career pathways through traineeships and apprenticeships, work placements and work experience, link employers with schools and providers in support of the D2N2 Employability Framework and encourage graduate recruitment and retention – at a sector level. To ensure deliverability, sustainability and collaboration we would look to enhance existing models to provide a proactive, face to face approach to include:

- Apprenticeships, traineeships and work-experience, including incentive for employers to encourage uptake of specific programmes
- Graduate placements and recruitment
- Accessible HR, Finance and Payroll solutions for SMEs
- Collaborative procurement service for SMEs
- Sector specific funded training
- Employment with training
- Access to funding to support Emerging Needs
- Inclusive delivery models to enable the supply chain and SMEs to be able to access training opportunities
- Engage with local schools, academies and providers in support of the D2N2 Employability Framework and Charter
- Supporting careers through the D2N2 Escalator
- Service to engage non-engaged businesses
- Sign-posting to existing services (such as NAS, NCS, JCP, providers)
- A vehicle to assist with the communication and deliverability of Government changes to directly fund employers in relation to

### Higher Level Skills Development (Level 4+)

D2N2 has identified that access to a highly skilled workforce is critical to its future growth, capacity for innovation and economic resilience.

This will include both the supply of new talent but, in the context of an ageing workforce, it will also include supporting the current workforce to upskill or re-train. Ability to adapt to a changing workplace, to adopt new technologies and processes and to use more innovative and integrated approaches to solve existing and emergent business issues will be critically important skills in a knowledge economy.

D2N2 will work with its Sector Groups and the HE sector to ensure that appropriate skills based interventions are designed to underpin the ambitions of the LEP’s Growth Strategy and Action Plans around innovation, low carbon and business growth. This will cover the following priority areas:

- The supply of work-ready graduates (graduate talent)
- The supply of good quality graduate jobs in the D2N2 SME base to retain graduate talent
- Provision of appropriate advanced CPD / skills updating / retraining opportunities for the current workforce (L4+). In particular, higher-level technical skills to build capacity to adopt new technologies. Also, higher level personal and professional skills to build capacity for new ways of thinking and working. Including in sectors where there are skills shortages, staff retention concerns and large scale changes in business practices – “big business challenges”.
- Provision of skills development opportunities that encourage companies to collaborate, working and learning together to achieve greater regional impact (including supply chain approaches to higher level skills
Executive management and leadership development including for high-growth SMEs

New business gestation for student and graduate entrepreneurs

Development of new employer-led Higher Apprenticeship pathways where an industry standard is identified

Knowledge Economy Skills — collaborative industry/HE Masters and PhD places to stimulate a research and innovation culture in SMEs

Supply of higher-level STEM skills (including female talent)

Skills Capital Programme

Working with our partners, we have developed a skills capital programme to improve the quality of our educational infrastructure, inspiring greater employer and individual investment in learning. We have identified our initial priority projects and our indicative requirement for support from the Local Growth Fund. Final support will be subject to the availability of LGF and detailed due diligence on each project.

The Nottingham Skills Hub project (integrated FE campus) is a key skills priority for D2N2 LEP. The Skills Hub will promote and develop entrepreneurial behaviours, respond directly to the needs of local employers and supply the skills required for our key employment and growth sectors. There is a rapid process of development work taking place to finalise the cost schedule for what will be a transformative, multi-year development and we are keen to ensure that work can begin in 2015/16.

Our other priorities for 2015/16 include support for the development of a University Centre at Mansfield (Vision West Nottinghamshire College), and the Chesterfield Centre for Higher Level Skills (Chesterfield College in partnership with Derby University Group), giving greater access to Higher Education and high level skills provision to residents in those parts of D2N2 where skills levels are below average. We will also support improvements to the Derby College estate, at the Hudson Building in Pride Park (providing training focussed on construction, one of our priority sectors) and Broomfield Hall in Morley (supporting a range of sectors include agriculture, horticulture and sports science). We will support improved IAG for our young people through the provision of a mobile IAG facility for Burton and South Derbyshire College.

The HS2 Skills Academy and the New Campus for Basford Hall College, Nottingham are also key priority actions for D2N2 LEP, and are currently being progressed without a requirement for resources from the Local Growth Fund.
Strategic Theme: Infrastructure for Economic Growth

"As the first business to open within the Nottingham Enterprise Zone, MediCity will help to achieve our vision of creating a centre for innovation and product development within the health, beauty and wellness sphere."

Mark Chivers, Enterprise Zone Director, Boots UK

“Growing Places Fund funding was absolutely essential. We had explored and exhausted all other funding routes. The effect of the D2N2 support is that if growth vastly exceeds the capacity funded by the D2N2 loan, further finance from conventional sources should be relatively easy to come by.”

David Aslin, Technical Director, Prometheus

Introduction

Our vision is for economic infrastructure that will:

- **Unlock creation of new jobs** through delivery of employment growth areas, with interventions to improve transport accessibility and connectivity, tackle flood risk and ensure utility provision to maximise the attractiveness of each site, particularly to growing businesses in our priority sectors.

- **Accelerate completion of new housing** to support growth by ensuring that there is a good supply of labour in close proximity, who can travel in economically and environmentally sustainable ways, and mitigate the effects of additional travel in our faster-growing areas.

- **Provide efficient and resilient transport networks** to support business competitiveness, unlock city growth, address people’s accessibility needs and enhance the quality of our places.

- **Enhance the high quality of life** in the area to sustain D2N2 as a great place to live, work and invest.

The most important element of our economic infrastructure is the transport network, which enables people to access jobs and training; businesses to connect with customers and supply chains; and our cities to become powerhouses through increased agglomeration.

Improving our existing transport network, and fully capitalising on transformational projects such as HS2, will unlock new jobs, improve business competitiveness by reducing costs and journey times, accelerate delivery of new housing for our growing population, enhance the quality of our places and develop inclusive communities where people can make informed travel choices.

**Why is infrastructure important?**

Our evidence shows that we have diverse challenges across D2N2 that are constraining our ability to unlock our growth potential. Pages 13 and 14 show that we will need to do things differently if we are to deliver our plans for a transformational change in the number of private sector employees working in the D2N2 economy.

Likewise, page 15 shows that we have the ambition to accelerate housing completions, to provide the right types of housing in the right places to help in developing labour markets to support our future economy.

In summary, the proposed investment in this SEP will deliver a step-change in unlocking growth.
Our target is to increase the potential growth in the number of private sector employee jobs from 30,000 (if current trends were to continue) to 55,000 in the ten year period to 2023, and accelerate the delivery of 77,000 new homes. This investment will play a critical role in tackling barriers to the effective operation of our economy and enable the rapid delivery of suitable employment and housing sites that meet local planning objectives.

Our evidence indicates that, without a step-change in infrastructure investment across the D2N2 area, we will face serious constraints in unlocking these ambitions. In several areas SEP investment will be able to provide enabling infrastructure that will make development commercially viable. Through targeted investment in infrastructure to unlock new employment and housing sites, we can deliver new jobs and homes with a very high level of private sector leverage.

The investment in the SEP will tackle resilience in our transport networks by maintaining our strategically critical routes, tackling the impacts of more severe weather and addressing flood risks. In Derby, the River Derwent is both a major strategic asset and risk that will pose increasing problems to resilience of our networks and could sterilise strategic development sites in the city centre. Smaller-scale, but significant flooding challenges are faced in Nottingham and Chesterfield.

Opportunities and Challenges

As we have already shown in previous chapters, the D2N2 economy is highly diverse. Whilst we face a number of common D2N2-wide opportunities and challenges, there are distinct issues in different areas which the SEP investment will tackle in order to develop a more socially cohesive and economically successful and balanced LEP area. On the basis of the evidence on the economic footprints of housing markets and travel to work areas, in addition to D2N2 wide challenges and opportunities, we have identified six geographical areas that form the basis of our infrastructure strategy:

- **Derby**: Derby City, Amber Valley, Erewash & South Derbyshire;
- **North Eastern Derbyshire**: Bolsover, Chesterfield & North East Derbyshire;
- **Peak**: Derbyshire Dales and High Peak;
- **Gtr Nottingham**: Nottingham, Broxtowe, Gedling & Rushcliffe;
- **Mid Notts**: Ashfield, Mansfield and Newark & Sherwood; and
- **North Nottinghamshire**: Bassetlaw.

There are also strong functional relationships with adjacent towns and cities, as shown below.
Each of the six spatial areas has distinct opportunities and challenges:

<table>
<thead>
<tr>
<th>Spatial Area</th>
<th>Opportunities</th>
<th>Challenges</th>
</tr>
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<tbody>
<tr>
<td>Derby area</td>
<td>Key City with large growth potential with key focus on advanced transport manufacturing and strong demand for new floor space &amp; sites. Opportunity to improve city centre experience and connections with Derwent Valley World Heritage Site. Fast-growing population with large-scale housing growth in Derby and South Derbyshire.</td>
<td>Several parts of the city centre give a poor visitor experience. Major flood risk is also impacting on resilience and constraining growth. Significant infrastructure investment is required to unlock key sites in Derby including Infinity Park and housing sites across the wider Derby area. Infrastructure is required to unlock regeneration of key sites in Amber Valley, Erewash and South Derbyshire.</td>
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<tr>
<td>NE Derbys</td>
<td>Significant urban area with strong economic linkages with the Sheffield City Region. Markham Vale EZ with simplified planning and innovative funding. Mixed-use regeneration of Chesterfield Waterside. Strong linkages with the Peak area and attractive rural areas.</td>
<td>There is a need to improve the performance of Chesterfield town centre as a key sub-regional centre for the local economy. Need for remediation of legacy industrial sites and unlock significant employment and housing growth in brownfield areas.</td>
</tr>
<tr>
<td>Peak</td>
<td>World class natural environment and offer for visitor economy. Strong linkages with surrounding cities, offering high quality housing and recreation opportunities. Key towns as local centres and foci for local growth, including Ashbourne, Matlock, Bakewell, Buxton, New Mills and Glossop. Strong business sector in manufacturing, food and drink.</td>
<td>Poor Transpennine connectivity, both road and rail, and focused challenges on routes into Greater Manchester. Need to improve quality of place to transform the potential of Buxton as one of England’s leading Spa towns for visitors, building from a strong base. Ability to unlock growth in key towns. Broadband coldspots in rural areas which hampers growth of SMEs, both in terms of coverage and slow speeds.</td>
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### Opportunities
- HS2 will transform our national and international connectivity, increasing D2N2’s attractiveness as a business location. We are strongly committed to providing local transport links to the proposed HS2 station to ensure that D2N2 fully benefits from this transformational national project.
- Collaboration with adjacent areas to deliver shared infrastructure priorities, including Sheffield City Region, LLEP, Greater Lincolnshire, Stoke & Staffordshire and Greater Manchester.

### Challenges
- Ensuring good inter-urban connectivity to meet the needs of businesses and commuters in D2N2 and adjacent areas, including improved opportunities for journeys by rail and targeted improvements to key highway corridors.
- Extensive congestion on strategic and local road networks, which impacts on business connectivity, labour markets and is constraining our growth potential.
- Maintenance and adaptation of the highway network to ensure resilience in response to extreme weather and continued levels of service to meet the needs of the D2N2 economy. This is particularly important in our rural areas where economies are vulnerable to closure of key routes.
- Broadband connectivity across large areas of both Derbyshire and Nottinghamshire: cold spots in rural areas and the need to provide ultrafast broadband to meet business needs in Derby and Nottingham.

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</tbody>
</table>

### Mid Notts

- Mansfield / Ashfield is a major urban area with untapped latent potential. Newark is an attractive market town with strong housing demand and connections with Lincoln and London.
- Attractive rural areas, with opportunity to further develop the visitor economy.

### North Notts

- North-south connectivity via A1, ECML. Worksop as a key economic centre and Retford as an attractive market town. Attractive rural areas and strong linkages with Sheffield City Region.

### In addition to the specific issues in our six areas, we have shared opportunities and challenges.

- Serious challenges of economic underperformance, poor quality of place and deprivation in Mansfield / Ashfield.
- Ability to unlock planned housing and employment growth in Newark, Mansfield and Ashfield.
- Pinchpoints on road network, limited rail services to Nottingham and no services in the middle of the area.

- Need for regeneration of coalfield sites (e.g. Harworth/Bircotes) and infrastructure to unlock improved employment opportunities in Worksop.
- Broadband coldspots in rural areas.

- Ambition to transform cycling across the D2N2 area with transformational projects in Derby and Nottingham.

- Maintenance and adaptation of the highway network to ensure resilience in response to extreme weather and continued levels of service to meet the needs of the D2N2 economy. This is particularly important in our rural areas where economies are vulnerable to closure of key routes.

- Broadband connectivity across large areas of both Derbyshire and Nottinghamshire: cold spots in rural areas and the need to provide ultrafast broadband to meet business needs in Derby and Nottingham.
Our specific rail challenges are shown on Page 37. Line speeds on the Midland Main Line result in longer journey times from Nottingham and Derby, constraining the competitiveness of our cities. Likewise, there are challenges with journey times from Nottingham to Birmingham and Leeds, due largely to infrastructure constraints at key locations within the D2N2 area. We also face challenges with more local services between Lincoln and Nottingham, Matlock and Derby and High Peak towns into Greater Manchester.

Congestion hotspots on the road network are also shown on Page 36. This shows that there is widespread congestion on key strategic routes, across large parts of both Derby and the Greater Nottingham conurbation and in our key towns, including the Chesterfield, Mansfield and Newark areas. There are also key pinchpoints at numerous locations on the network, which could be addressed by modest investments.

We have a clear focus on key locations for both unlocking employment growth and accelerating housing delivery. Our evidence demonstrates the importance of unlocking growth – both housing and employment – in the Greater Nottingham and Derby areas, together with Chesterfield, Mansfield/Ashfield and Newark. Within the Peak area, a focused programme is proposed to transform Buxton’s role as one of England’s premier spa towns, whilst smaller-scale, locally-appropriate growth is proposed in the Derbyshire Dales towns. There are clear challenges in unlocking growth where congestion is currently prevalent, particularly Greater Nottingham, Derby, Chesterfield and Newark.

**Infrastructure Strategy**

Our infrastructure strategy and implementation plan will tackle these objectives and will play a central role in improving our business competitiveness, increasing new job creation, particularly in our priority sectors, and accelerating housing completions.

We have identified strategic projects to support the whole D2N2 area and a series of prioritised packages to deliver transformational change in our six spatial areas.

These will build on our existing committed LTB priorities, which are:

- A52 Wyvern Pride Park Congestion Management, Derby;
- Southern Growth Corridor, Nottingham;
- Gedling Access Road, Gedling, Nottinghamshire;
- A61 Whittington Moor Roundabout, Chesterfield, Derbyshire;
- A57 / A60 Junction, Worksop, Nottinghamshire; and
- Seymour Link, Markham Vale, Derbyshire.

Our place-based packages comprise projects that will deliver modal shift to create headroom for growth, targeted pinch point schemes on the road network, multi-modal corridor improvements, new access infrastructure and other targeted infrastructure measures to unlock our key sites.

We will work with other LEPs to deliver strategic shared priorities, including the development of East Midlands Gateway, in North West Leicestershire, with LLEP (see Page 36). We will also work with Network Rail, Sheffield City Region and LLEP to deliver line speed improvements at Market Harborough before the impending electrification of the Midland Main Line.

D2N2 benefits strongly from being at the heart of the UK’s strategic road network, but it also means that problems on the network in our area have a nationwide impact on the UK economy. We will work closely with the Highways Agency (HA) as it takes forward its Route Based Strategies, focusing on the London to Leeds East (A1), London to Scotland East (M1)
and North and East Midlands routes. We will work closely with DfT and HA in the Transpennine study, which covers the highly congested A628 corridor through our north-west corner and other routes through the Peak area. Our key priorities include:

- Ensuring the long-term effectiveness and resilience of the M1 as the primary movement corridor through the area;
- Developing effective long term solutions for the A38 through Derby in the form of grade separated junctions, including balancing the needs of longer-distance and more local traffic within the city;
- Developing a long-term strategy for the A52, in connecting Derby and Nottingham, in providing access to the proposed HS2 station and in enabling effective orbital movements around Greater Nottingham;
- Planning of effective solutions to tackle specific hotspots on the network, including the A38 approach to M1 Junction 28 and the A46 junctions at Newark.

We will commence planning for the arrival of HS2, including masterplanning of the proposed new hub station, and will work with partners (including LLEP and the rail industry) to develop our regional connectivity package. One element of this will be to explore the role of both heavy rail and mass transit options to optimise connectivity to the new station to maximise economic benefits to the D2N2 area.

We will be seeking to work with government in undertaking more detailed feasibility work to support the development of our longer-term priorities, including development of our HS2, heavy rail and mass transit strategy. We will also seek support for work to assess issues associated with orbital connectivity around the eastern side of Nottingham, including the future role of the A52 Nottingham Ring Road through Rushcliffe and the scope for a fourth Trent Crossing to improve cross-river movements and resilience in the eastern side of the conurbation.

Our Priority Actions

Drawing on the evidence presented earlier, we have identified a series of strategic infrastructure packages that will unlock our growth potential and deliver transformational benefits.

Strategic Package: Growing Greater Nottingham

Focused on the city centre as a key engine of economic growth, the city’s strategic east-west corridor and key employment and housing sites across the conurbation.

- Nottingham City Centre – focused on infrastructure to unlock strategic extensions of the city centre. This includes Southside, which will enable expansion of the Broad Marsh shopping centre and wider transformation of the south side of the city centre, expansion of our Creative Quarter, including the strategic Island site on the south east corner, and place-making on the north side of the city centre.
- Our strategic east-west growth corridor: we will invest to support mixed use regeneration of the Waterside area in the east of the city and provide infrastructure to unlock the full potential of our Enterprise Zone on the western side. All of these investments will be complemented by our Southern Growth Corridor (existing LTB scheme), transforming connectivity on the primary east-west axis through the city. Further investments will be made to unlock our potential, including our Cycling Ambition Package and the LSTF programme to improve connections between opportunity and need.
- Strategic growth priorities across the wider Greater Nottingham area, including unlocking key employment sites at Gedling (existing LTB scheme) and Teal Close in Colwick, and Beeston Business Park (part of our Enterprise Zone), all of which have strong synergies with the city’s Southern Growth
Corridor. We propose packages to unlock housing and employment growth in Hucknall (including facilitating expansion at Rolls Royce), Gamston to the south-east edge and at key sites along our A46 Growth Corridor.

- In addition, we will undertake a detailed feasibility study to assess the role of a new fourth Trent Crossing, to be delivered post-2021, to improve orbital movements and provide longer term capacity for growth on the eastern side of the conurbation.

### Strategic Package: Growing the wider Derby area

Focused on four distinct programme geographies determined by the locations of key housing, employment and wider regeneration opportunities.

- **Derby City Centre** – the Vibrant City programme includes infrastructure to deliver the acceleration and increased competitiveness of strategic sites including Castleward, Friar Gate, and the central business district through infrastructure to improve accessibility, wider connectivity (strategic transport networks and faster broadband), and quality of place to ensure that we create and maintain the conditions for growth in the city.

- **Southern Derby Area** – this programme focuses on enabling key employment sites including access to Pride Park (existing LTB scheme), Infinity Park and the delivery of significant housing growth in Derby and the urban extensions within Derbyshire. Targeted investment for Southern Derby Integrated Transport Links and site specific interventions such as Osmaiston Regeneration, supported by local accessibility and strategic connectivity interventions will bring these forward by focusing on opening-up access to these sites.

- **Derwent Corridor** (from Matlock, through Derby City to Shardlow) – programme includes Our City Our River, the strategic flood defence project that facilitates the unlocking of housing and employment sites and makes a significant contribution to the future competitiveness and long term resilience of the whole city, complemented by sustainable connectivity interventions and growth of the visitor economy through the Super Connected Cycling project along the Derwent Valley World Heritage site.

- Strategic growth opportunities in wider Derbyshire – includes infrastructure targeted specifically at unlocking key regeneration sites including land north of Denby, access to Drakelow Park, decontamination of Stanton Ironworks and construction of the Woodville – Swadlincote Regeneration Route.

### Strategic Package: Sustained growth and new housing in Mansfield / Ashfield and North Nottinghamshire

Focused on unlocking strategic employment, regeneration and housing sites to transform growth prospects in Mansfield, Ashfield and northern Nottinghamshire.

- **Mansfield / Ashfield** – focused on unlocking strategic employment sites along the A617 Mansfield / Ashfield Regeneration Route (MARR), together with new housing at key sites. This includes sustainable travel measures focused on key corridors to create headroom for growth, pinch point improvements at key junctions and site access improvements.

- **Worksop and Harworth / Bircotes**: a programme of sustainable travel measures and targeted junction improvements to unlock capacity for mixed housing and employment in Worksop as part of an A57 growth focus (including existing committed A57/A60 LTB scheme) and large-scale employment development on the northern edge of our area in Harworth/Bircotes.

### Strategic Package: Sustained growth and new housing in North Eastern Derbyshire

Focused on improving connectivity and tackling infrastructure risks to unlock and
accelerate new employment land at strategic sites in Chesterfield and along the A61 Growth Corridor.

- A programme of measures including the (existing LTB committed) Seymour Link at Markham Vale, a package of improvements to Chesterfield town centre, and flood management measures on the River Rother to unlock development land. The existing committed LTB scheme on the A61 at Whittington Moor will tackle a specific pinchpoint, whilst the wider A61 Growth Corridor between Chesterfield and Clay Cross will unlock key strategic sites, including redevelopment of The Avenue site.

- Consideration would be given to further infrastructure projects to unlock new housing and employment land in the area to the east of Chesterfield, including the Chesterfield Staveley Regeneration Route, and access to Shirebrook.

**Strategic Package: Accelerating housing and employment growth in Newark**

Focused on improving connectivity to unlock and accelerate growth in Newark, building on strong housing demand in this area.

- A programme of sustainable travel measures to create headroom for growth at key sites in Newark East, Newark South and Balderton (to the south east), supported by targeted pinch point improvements on the road network in and around the town. There will also be phased construction of the Newark Southern Link Road, which will provide access to the Newark South growth area and which is critical to Newark’s future growth.

- Lincoln – Newark – Nottingham rail corridor: working with East Midlands Trains (and Greater Lincolnshire LEP) to increase train frequencies on this corridor, improving connectivity and supporting a shift to travel by train on this key regional corridor, which will also support growth in the town.

**Strategic Package: Peak District World Class Destination**

Focused on supporting the distinctive role of the Peak District, with the highest quality natural landscapes, enhancing visitor experience and supporting growth in key towns to strengthen economic diversity and meet housing need.

- A range of measures to unlock new housing and employment sites in Ashbourne, Matlock, Bakewell and Buxton, focused on site remediation or access improvements. Programmes of measures to improve public realm and enhance visitor experience in the towns as key gateways to the Peak, and development of the case to support transformation of Buxton as one of England’s leading spa towns.

**Strategic Package: East Midlands Connectivity**

Focused on unlocking the potential of the M1 J23a/J24 / A50 area as the leading logistics hub in the UK, and ensuring the benefits of HS2 are captured for the D2N2 economy.

- D2N2 LEP will lead a taskforce to develop a strategy to fully capture the benefits of HS2, bringing together HS2 Limited, LLPEP and local transport authorities. This will include the development of Masterplan for the proposed HS2 station, to enable early work on infrastructure and a regional connectivity package to ensure improved connectivity across the D2N2 area and fully capture the benefits of HS2 for the East Midlands economy.

- We will work with East Midlands Airport and LLPEP to develop East Midlands Airport to its full potential, including supporting the development of freight expansion to new global destinations and increased numbers of passenger destinations, including primary European cities, transatlantic and Middle East markets. We will work with EMA to improve sustainable travel options to the airport, for both passengers and to provide access to new job opportunities.
• We will work to maximise the benefits to the D2N2 area of emerging proposals for Strategic Rail Freight Interchanges in the area. A proposal has, for example been submitted to the Planning Inspectorate for a major scheme adjacent to M1 Junction 24, and other alternative potential proposals have been identified along the A50 corridor.

Strategic Package: Midland Mainline Connectivity
Focused on addressing slow line speed at Market Harborough, which is a barrier to delivering improved connectivity from D2N2 (and Sheffield City Region) to London.

• We will work with Network Rail, LLEP and Sheffield City Region to develop business case for realignment of track at Market Harborough, before electrification of the Midland Main Line, and to ensure that connectivity benefits to the wider MML corridor have been fully captured. We will proactively support the delivery of the line speed improvement, including consideration of potential contribution of LGF funding to support the project.

Strategic Package: Feasibility studies for transforming our connections
Focused study work, to be led by D2N2 LEP with partners, to develop longer-term strategies for transforming our connections to fully unlock our long-term growth potential.

• Development of East Midlands HS2 connectivity package, including options for through connections to classic lines, heavy rail connections to the proposed station.

• Development of mass transit options, together with masterplanning within wider Broxtowe and Erewash area.

• Further studies to examine opportunities for transformational connectivity improvements, with an initial focus on orbital movements around the east of Greater Nottingham, including consideration of the A52 Nottingham Ring Road and potential options for a fourth Trent river crossing.

Strategic Package: Superfast broadband connectivity across D2N2
Superfast broadband connectivity is crucial to our future economic success. We will build on current investments through BDUK and other routes through investments leveraged by the Local Growth Fund to spread connectivity beyond the current 95% of premises coverage target and to address insufficient speed in key urban areas. This will minimise digital exclusion and enable, alongside support for exploiting enhanced digital connectivity, business investment and growth. We propose to use Local Growth Fund alongside BDUK to further enhance our digital connectivity.

Impacts and Benefits
We have undertaken robust assessments of the projects included within the strategic infrastructure packages. Our overall assessment of the impacts during the six year lifetime of the Local Growth Fund (2015/16 to 2020/21) is set out in the table below.

<table>
<thead>
<tr>
<th>Headlines (2015-2021 LGF period) from investment in economic infrastructure</th>
<th>(£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Value</td>
<td>£1,400</td>
</tr>
<tr>
<td>LGF Request</td>
<td>£456</td>
</tr>
<tr>
<td>Public Match Investment</td>
<td>£355</td>
</tr>
<tr>
<td>Private Investment</td>
<td>£980</td>
</tr>
<tr>
<td>Jobs unlocked</td>
<td>20,100</td>
</tr>
<tr>
<td>Housing unlocked</td>
<td>12,800</td>
</tr>
<tr>
<td>Leverage</td>
<td>2.2</td>
</tr>
<tr>
<td>GVA unlocked</td>
<td>£806</td>
</tr>
<tr>
<td>VFM (£GVA / £LGF)</td>
<td>1.8</td>
</tr>
</tbody>
</table>
We estimate that our investment in economic infrastructure, facilitated by Local Growth Fund and other complementary sources, will help unlock around 20,000 new jobs, 13,000 new homes and around £800 million additional GVA per annum by 2021. Over the longer term, we forecast that these interventions will be critical in unlocking much larger numbers of new jobs and homes in the area. We provide more detail on the numbers of jobs and houses unlocked in each area within the Implementation Plan.

**Delivery**

D2N2 partners have a strong track record in delivering transport and infrastructure projects on time and to budget. All of the authorities have strong governance and project management processes in place to ensure that projects are delivered effectively and planned outcomes are secured.

The D2N2 Infrastructure Board, which has developed from the Local Transport Board, has overseen the development of the SEP economic infrastructure packages. The identification, appraisal and prioritisation of packages has been undertaken in accordance with the Treasury and DfT five cases business case model, which has given detailed consideration to programme delivery and outcomes. This process is described in detail in the SEP implementation plan, and gives a high level of confidence in the deliverability of our proposed programme. The Infrastructure Board will have continued oversight of the future infrastructure programme, using its agreed Assurance Framework to ensure the efficiency and effectiveness of the programme.
Strategic Theme: Housing and Regeneration

Introduction
Our vision is to:

Accelerate completion of new housing to support growth in D2N2, ensuring this is supported by green infrastructure and multi-modal solutions to encourage sustainable travel and mitigate the effects of additional travel in our faster-growing areas.

Why is Housing and Regeneration Important?
An adequate supply of housing is crucial in realising our growth ambitions. D2N2’s housing mix is a key element of the LEP’s ‘offer’, helping to make it an attractive and aspirational place to live and work, complementing the high quality natural environment and helping to attract skilled labour and inward investment. Housing supply is key to promoting affordability. To realise D2N2’s ambitions for growth, there must be an adequate supply of housing which provides the right mix of homes for growth.

In addition to housing’s role in supporting growth in the wider economy, there is considerable economic benefit to be gained from investment in housing development. Every £1 invested in house building generates £2.84 of economic activity based on increased profits and wages for contractors (direct impacts), for the supply chain e.g. manufacturers (indirect impacts) and from spending in the wider economy (multipliers), and it is therefore important that local construction companies are able to access procurement and development opportunities. There are also benefits in the form of levered private sector investment in infrastructure and investment in skills in the form of construction training or apprenticeships.

Opportunities

Delivery of housing
- A highly proactive approach to the delivery of new housing and supporting infrastructure, including an Aligned Core Strategy for the Nottingham area and close collaboration between Derby City Council and adjacent authorities.
- Collaboration with adjacent Planning Authorities in Lincolnshire to meet strong housing demand in Newark, Lincoln, Gainsborough and Grantham.
- Well developed local infrastructure plans, which have assessed the impacts of new housing and with clearly prioritised interventions to unlock strategic allocations in each area.
- A strong history of delivering regeneration programmes in our priority areas, both within the cities and the former coalfield areas has developed a skills pool of experienced professionals and a body of good practice.
- A strong evidence base and understanding of the distinctive roles played by our market towns and surrounding rural areas.
- Opportunities to develop public and private sector funding packages to accelerate delivery, drawing on Local Infrastructure Funding, Large Sites Funding, Growing Places Fund receipts (in future years) and enhanced Housing Revenue Account borrowing.
- Support skills development, innovation and growth in D2N2’s construction

Challenges

Constraints to unlocking new housing

- Viability is challenging with high development costs and contractor profit requirements meaning that many potential developments cannot be progressed.
- Sourcing the necessary land for housing development can be challenging when considering size, location, quality and cost factors.
- Low levels of market confidence in the construction sector.
- Limited funding available for the provision of affordable homes.
- Gaps in funding for infrastructure to support large-scale housing growth in Derby, Nottingham and Newark, all of which require new access roads into and within the new communities to ensure good travel choices and effective integration with the existing urban area.

Overall Scope of Housing and Regeneration Activity in D2N2

A range of public and private sector partners are involved in delivering housing and regeneration activity across D2N2, although the scale of activity reduced following the credit crunch and public sector funding constraints. Partners include:

- The Homes and Communities Agency, which will invest some £102m in land and regeneration and £56m in affordable housing in D2N2 over the 2011-2015 period;
- The local authorities, ALMOs and housing associations who own and manage the public sector housing stock across D2N2;
- Private developers, who are taking forward both large and small-scale developments across the area, and sometimes face considerable challenges of market viability.

Funding to unlock development has been available from D2N2’s £26m Growing Places Fund, a loan fund which will generate receipts that can be invested in further projects in future years. Funds raised through the Nottingham Enterprise Zone can also be invested in D2N2’s housing and regeneration priorities.

Our Priority Actions

There are three key areas in which D2N2 will focus its activities in relation to housing, although we will support our local authority partners in their wider efforts to accelerate housing development. We are awaiting further guidance from government on the use of HRA borrowing, and the publication of a prospectus on the Large Sites fund, and will develop our proposals more fully once the shape of these schemes becomes clear:

A Key Sites Programme

Using LGF infrastructure funding (and, in future years, Growing Places Fund receipts) and working alongside HCA, we will administer a Key Sites Programme to promote the viability and delivery of key sites, particularly focusing on mixed use sites.

Affordable Homes

We will work closely with local authorities with stock, drawing on enhanced Housing Revenue Account borrowing to develop new affordable homes in response to the demand for this stock type.

In addition, D2N2 LEP supports the proposals being developed to re-balance our outer city estates in order to tackle social problems and bring about
sustainable change. We will bring partners together to tackle the issues faced by these estates and demonstrate how the economic growth we are striving to achieve can benefit some of our more challenged communities:

**Growth in Communities: Rebalancing Outer City Estates – North Nottingham**

Outer city estates throughout England were built with the finest of intentions, often to re-house working families from Victorian slums or bomb-damaged communities to garden villages. These mass-developed estates were highly functional with few pretensions and whilst the results are not all bad, many are far from ideal.

These estates can often feel from another world. Close to the cities but where few other than residents will go, often, close to the arterial routes to and from the city or ring road that surrounds. The outer cities estates are often bypassed daily and residents, other than for work, often rarely venture out. Consequently, they have often become isolated communities, with families facing significant challenges and individuals talk of escaping. There is local ambition to create more intimate and community clusters.

The six estates of North Nottingham parliamentary constituency provide a case in point. These well-built estates are illustrative of the social and economic imbalance of the modern UK economy, and it is a story often retold in many similar estates nationally. These estates have often lost their identity, often following the loss of their key employers such as in North Nottingham with the loss of Raleigh Bicycles, the mines and textiles and are at the forefront of the often-mentioned postcode lottery of services.

One in ten is unemployed; four out of six schools are in special measures with the lowest number of people going to university in the UK; double the average of single parent households and free school meals. It is often these communities whose economic growth is least felt and the austerity measures most hurt. The deadweight costs of low personal and social skills, poor qualifications and educational levels and their accompanying social problems are becoming chronic. Urban policy of the past such as the Urban programme, City Challenge or New Deal for Communities has sought to target some of these communities but they have been one off projects rather than part of a long term programme. Another one-off programme will not bring sustained change. Any further activity must be sustainable and provide a model for other communities.

Based on the Early Intervention Foundation model founded by North Nottingham constituency MP, Graham Allen and now operating in 20 pioneering places across the country, we are keen to begin this process by taking the lead in forming an advisory council to develop a dedicated and tightly-managed resource to tackle the key challenges facing outer city estates, using North Nottingham as a founding example. As soon as our thinking is done, we will propose an organisational model to get the job done.

An initial roundtable discussion has already enjoyed significant interest from key players and Members of Parliament, local businesses, Councils, FE and HE institutions. We have made a point of linking this early thinking to external players (LSE, RSA, Lyons Review) as well as to central government (DCLG, BIS, Cabinet Office) since taking this to scale on the back of well-evidenced activity must be a central consequence of all our resourcing. To continue to develop momentum we are bringing Michael Heseltine to Nottingham North on 8 April, holding a community conference on rebalancing on 25 April and a National Conference on 6 June.

The LEP is perfectly placed to use our power of convening to bring local and regional commitment to the table. The City Council is closely involved as is business and the community. Graham Allen, the local MP, continues to show his commitment in bringing the academic, political, national and all-party players to the table. Nottingham's creative use of the Local Strategic Partnership model to build the first “Early Intervention City” which has now gone to scale via the national independent charity, the Early Intervention Foundation, demonstrates local will and capacity. Supported by the LEP and other parties, our ambition is to drive forward an active discourse and policy exchange supported by HM Government.

With the support of Government we intend to publish an exploratory report by Easter 2015 – and seek support for an independent review to HMG. We would hope at that point to begin a minimum 10-year plan running the full course of 2 parliaments to show our long term commitment and accumulate investment. There would be clear annual benchmarks for all to see but the time span would demonstrate our vision for sustainability and recognise that on a non-greenfield heavily built up site progress
would be practical, incremental and evidenced – not yet another ‘quick fix’.

Much good work already takes place and much is planned. We intend to build on that but not substitute for it. All partners would be clear that additionality would be our watchword. As well as this strategic objective, the rebalancing programme will look to take specific action locally through a number of key attributes contained within the strategic economic plan and the Nottingham Growth Plan. These include the Phase 2 redevelopment of Basford Hall Campus by New College Nottingham; the redevelopment of key sites contained within the Nottingham Growth Plan; the community-led local development as part of the ERDF scheme, the use of small sites for skills and employment, expanding successful VSO enterprise (Best, Right Track etc), mapping and pooling public, private and third sector investment and so on.

The rebalancing outer city estates programme demonstrates not only the LEP’s commitment to growth but also to ensuring that growth reaches out to all communities. It will provide a best practice, evidence-based example for our area, our region and for England of how the strategy of a LEP economic plan can both contribute nationally to detail on urban policy and locally to some of our most challenged communities.
Governance and Implementation

The Strength of our Partnership
The D2N2 LEP is a business led partnership with the express purpose of driving economic growth. We are a local partnership not an agency of government. Our success will depend on the strength and influence of our partnership.

Our Board has expressed its commitment to the vision and ambitions set out in this document. The contents were refined following consultation with the business community, public and third sector partners.

The strength of our partnership is demonstrated in our track record of working together to deliver projects and programmes across the D2N2 geography, including the current Growing Places Fund and Regional Growth Fund programmes. Local Authorities are an important part of the partnership, represented on our Board and providing accountability for our investments (for example Nottingham City Council act as the Accountable Body for the Growing Places Fund) and have put in place arrangements to ensure the lower tier authorities are represented in all LEP structures.

All our partners will be providing resources which contribute to the aims set out in this Strategic Economic Plan (see our Headline Financial Proposals), including significant investment from the private sector.

D2N2 Proposed Governance Arrangements
In recent months, the D2N2 LEP has made rapid progress to strengthen its governance structure, which provides for effective, timely and business-led decision-making by the Board, Skills Commission and Local Transport Board. New Joint Committees in Derby / Derbyshire (‘D2’) and Nottingham / Nottinghamshire (‘N2’) are now in place and greatly strengthen the democratic accountability and inclusiveness of the LEP’s operation. The Joint Committees are written into Council Constitutions and will act as the D2 and N2 local authority decision making bodies for strategic economic development ensuring inclusive and co-ordinated strategic and investment prioritisation by local authorities within the LEP’s governance structure. With meetings held in public, the Joint Committees enhance transparency and ensure that local knowledge underpins decision-making.

The Joint Committee arrangements are continuing to develop and to maximise opportunities presented by the Local Growth Fund, D2 Joint Committee has agreed to undertake a governance review to progress an Economic Prosperity Board with a view to submitting a Scheme to Government in early 2014/15. This work is a clear demonstration of continued commitment in the LEP area to further strengthening local accountability and decision-making.

The governance structure for the LEP is shown in the diagram below.

Proposed Governance Structure

Under the Governance Framework;

- The **D2N2 Board** is responsible for setting the overall strategy for the LEP, including the development of SEP priorities, performance management and oversight and endorsement of strategic projects as
well as monitoring expenditure and outputs across the D2N2 area. The Board will act as the strategic lead for management of EU Funds and the use of Local Growth Funds (and any other monies under the control of the LEP). The D2N2 Board will pursue growth opportunities with greatest benefits to the D2N2 area and minimise complexity for applicants and deliverers. The D2N2 Board will use the Local Growth Fund to maximise its impact in delivering the LEP’s Strategic Economic Plan. The D2N2 Board will maintain a lean and flexible governance structure and draw directly on the support of the D2 and N2 joint committees and other groups with the LEP's governance structure, such as the Local Transport Board and Skills Commission, and sector groups. The Board will delegate decision-making or collaborate with other partners as necessary to most effectively deliver the SEP. The D2N2 LEP, working with the D2 and N2 joint committees, its Local Transport Board, Skills Commission and with the input of the Accountable Body, will

- take decisions about what is funded from the Local Growth Fund, when it is funded and how it is funded
- pursue a balance of commissioning and calls for projects with a blend of collaborative, LEP wide and local programmes and activities, as determined by the outputs and outcomes sought.
- undertake strategic assessments of applications, programme or project proposals, expressions of interest or any other relevant application for Local Growth Funding
- oversee and manage the performance of the programme and delivery partners to ensure that the programme meets its performance criteria.
- review the overall direction, governance and delivery of the programme to ensure that it remains responsive to local needs and opportunities.

- A single Local Authority will be the ‘Accountable Body’ on behalf of the partnership for the Local Growth Fund. It will receive and technically appraise applications and, as they will be accountable to Government for spend, sign off the technical compliance of any projects or programmes endorsed by the LEP for support. The Accountable Body will recharge its costs to the LEP through a Service Level Agreement and may require the agreement of a risk sharing protocol with other local authorities in the partnership. The D2N2 LEP, not the ‘Accountable Body’ will take the strategic lead in delivering the D2N2 programme. This role includes identifying the priorities, activities, schemes, programmes and projects that best meet the economic needs and ambitions of the D2N2 area and will deliver the goals of our Strategic Economic Plan.

- In order to ‘hardwire’ the D2 and N2 strengthened Local Governance arrangements into the LEP, they will be represented on the D2N2 Board and its sub-committees - Skills and Employment Commission (via the ESB), Local Transport Board / Infrastructure Board, and sector forums.

These sub-groups are tasked with identifying local priorities and prioritising investment plans within their areas including pooling appropriate local resources to ensure a more effective approach to economic growth. D2N2 LEP will promote and monitor geographic equity in spend and benefits from the programme across the LEP area and between the Joint Committee areas. In addition, it is envisaged that a significant proportion of the Local Growth Fund including ESIF funding will be nominally allocated to both Committees. Furthermore, where required, they may also act as delivery routes for some elements of the activity and will also be an important source of match-funding for economic growth projects across the LEP area.

Where governance changes in future, provision will need to be put in place, including how they work with the LEP sub-committees on agreeing clear recommendations for interventions and projects to
deliver the SEP priorities, providing close knowledge of local investment needs

- The **Skills and Employment Commission, Local Transport Board** (soon to become the Local Infrastructure Board, with a wider remit) and **Sector Forums** will have an important role to play in ensuring a co-ordinated approach to each of D2N2’s strategic themes and priority sectors, and will provide advice to the Board on maintaining appropriate strategic direction within each of the themes, as well as steering investment priorities. They will ensure a collaborative approach is maintained across the D2N2 geography and champion the strategic interventions needed to accelerate economic growth in the D2N2 area. In general, it is anticipated that the thematic and sectoral groups will be invited to:
  - advise the Board about priorities, capacity, sources of match, routes to market and other issues relevant to their area of focus.
  - support the development of tender specifications and procurement approaches
  - where appropriate advise on strategic appraisal of potential investments and oversight of delivery
  - Ensure that proposed new activity does not duplicate and is co-ordinated with existing projects, services, networks and initiatives in order to maximise additinality

**Relationship with the Accountable Body**

The D2N2 LEP, encompassing all the bodies and groups within its governance structure, will work closely with the Accountable Body to ensure that its delivery of the SEP is compliant with all relevant regulations. The division of responsibilities between D2N2 and the Accountable Body is summarised below;

<table>
<thead>
<tr>
<th></th>
<th>The D2N2 LEP</th>
<th>Accountable Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strategy</td>
<td>Develops and agrees the Strategy and Delivery Programme for its LGF allocation</td>
<td>Holds the LEP’s LGF allocation</td>
</tr>
<tr>
<td>2. Structures and Processes</td>
<td>Establishes structures and processes to take the strategic lead in implementing the strategy</td>
<td>Advises D2N2 to ensure that its structures and processes are technically compliant</td>
</tr>
<tr>
<td>3. Procurement</td>
<td>Agrees the strategic criteria for funding decisions</td>
<td>Issues ITTs and calls for projects</td>
</tr>
<tr>
<td>4. Assessment / Appraisal of applications</td>
<td>Assesses the strategic impact of applications</td>
<td>Undertakes technical compliance appraisal on all funding applications</td>
</tr>
<tr>
<td>5. Decision (strategy)</td>
<td>Endorses applications according to their strategic impact</td>
<td>Will not fund anything that has not been endorsed by the LEP</td>
</tr>
<tr>
<td>6. Decision (compliance)</td>
<td>Will not endorse anything that is not technically compliant</td>
<td>Will not fund anything that is not technically compliant</td>
</tr>
<tr>
<td>7. Contract</td>
<td></td>
<td>Issues contracts</td>
</tr>
<tr>
<td>8. Monitoring and reporting</td>
<td>Monitors strategic impact and performance</td>
<td>Monitors technical compliance with contract. Reports regularly to LEP.</td>
</tr>
</tbody>
</table>

Delivery and implementation arrangements will evolve over time in response to evolving market conditions, performance monitoring, capacity and evolution in governance and organisational structures. The LEP will undertake a formal mid-term review of governance in 2016/17

**Capacity**

To ensure that the D2N2 Programme is delivered effectively, its strategic impact maximised and implementation processed efficiently but with due robustness and speed, D2N2 will seek to draw on resources provided by the Local Growth Fund. D2N2 will formally request 2% of the overall level of Local Growth Fund to provide the relevant capacity to D2N2 and partners. D2N2 will continue to draw on the time, skills and expertise of its many partners.
Our Approach to Overlapping Areas

The northern part of the D2N2 area overlaps with Sheffield City Region, with Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire covered by both LEP areas.

Our approach to the overlap area is based on the following principles:

- They should be neither advantaged nor disadvantaged by overlap status.
- Access routes and information for potential applicants and beneficiaries of funded services should be straightforward – with a no ‘wrong door’ approach.
- The D2N2 SEP applies in full in the overlap area.
- There is no D2N2 spending ‘ceiling’ in the overlap area.

We work closely with colleagues from Sheffield City Region LEP and officers in the ‘overlap area’ and have a shared understanding of the economic issues they face and opportunities they offer. To promote synergy, additional impact and efficiency in the use of the Local Growth Fund and EU SIF funds in the overlap areas, the D2N2 and Sheffield City Region LEPs will adopt the principles of open communication, the sharing of information and a culture of ‘no surprises’. The two LEPs will endeavour to align approaches to commissioning, implementation, promoting social inclusion and routes to market for the delivery of business support services in the overlap area. Full District representation on the Joint Committees enables full participation of the relevant authorities in the overlap area in both LEPs.

City Deal Relationship

The D2N2 partnership and our local economy benefit from the additional freedoms and flexibilities available in Nottingham, secured through its City Deal and arising from Nottingham’s Core City status. Extending the success and benefits of the City Deal across the wider LEP area would accelerate the contribution of the whole local economy to national economic recovery. The SEP Growth Deal process is an excellent opportunity to understand what has worked most effectively in the Nottingham and other City Deals and identify freedom and flexibility requests to bring greater economic benefits to the whole D2N2 area, including the Core City of Nottingham. We support the Core City freedoms and flexibilities request and, as a Core City LEP, have incorporated these in our request (set out in the following section). We would hope to see these extended across the LEP area.

Implementation

Our approach to implementing the SEP is set out in the Implementation Plan which accompanies this document, which provides more detail on the programmes of activity we will deliver, and the funding streams we will draw on. Here, we summarise our plans for programme and project prioritisation; programme and project delivery; ensuring value for money; and match funding.

Programme and Project Prioritisation

To help us identify the programmes and projects that will make the greatest contribution to achieving our vision, we have developed a robust and independent appraisal framework. There are four underlying principles which provide the foundations for our appraisal of all types of projects:

1. Strong strategic alignment
2. Excellent value for money
3. Additionality as a prerequisite (including continuing existing support that might otherwise be lost)
4. Deliverability

The framework consists of a set of core principles that apply to all types of projects and every funding stream, but can be tailored to appraise specific
types of programmes or interventions, e.g. housing, skills and transport schemes which may not result in direct economic impacts.

To date, the focus has been on appraising potential economic infrastructure projects. Detailed guidance was developed and provided to partners to support the development of high quality projects and programmes and strengthen the transparency of the system.

The appraisal process (scoring and review) has been carried out by independent consultants, reporting to the LTB. The involvement of consultants brings a degree of independence and gives confidence that the appraisal process is not open to undue influence.

In the longer-term, the appraisal framework will support both a commissioning and an open bidding approach to project identification and selection.

The LEP Board will review and approve (or amend) the appraisers’ recommendations on a regular basis.

**Value for Money**

The LEP Board have stressed that they wish to focus the investment under their control on areas where it will have the greatest impact. Value for money is therefore a key element of the deliverability criteria within the appraisal framework. Drawing on evidence from evaluations of previous successful interventions, the appraisal framework contains benchmarks for each type of intervention against which all programmes and projects will be assessed before funding decisions are made.

**Cross-Cutting Themes**

Our Strategic Economic Plan sets out our approach to promoting and inspiring economic growth across the D2N2 area, to ensure the LEP can make a greater contribution to the success of the UK economy overall. We recognise that the economic growth we achieve must be sustainable, and success today must not be at the expense of future generations.

We also recognise that economic growth is not an end in itself, and to be truly successful growth must be ‘good’ growth that provides all our residents with access to the opportunities to lead productive and rewarding lives. We want to ensure that our SEP has positive environmental and social impacts, and that any negative effects are minimised.

**Sustainability and Rural Issues**

We recognise the value of D2N2's high quality environment to economic growth, not only in areas such as the Peak District where the economic value of the landscape is widely accepted, but also in terms of the green and blue infrastructure throughout the area. We have used Natural England’s Local Environment and Economic Development (LEED) toolkit to ensure that our Strategic Economic Plan capitalises on the growth opportunities offered by the environment; whilst safeguarding its existing quality and contribution to the high quality of life in D2N2.

**Social Inclusion**

Similarly, D2N2 LEP is working closely with ONE East Midlands to develop a Social Inclusion Framework / Strategy for the LEP. We work closely with them to ensure that the implementation of the SEP has positive social inclusion benefits and supports our aim of ensuring that all residents have access to economic opportunities.

**Programme and Project Delivery**

Programme delivery mechanisms will be developed by the LEP once the broad shape of the programme has been agreed with Government and partners. A balanced approach of commissioning and calls for projects is suggested including:
- Competitive Bidding Rounds – with organisations invited to submit outline bid proposals against specified SEP priorities
- Direct Commissioning of Specific Activities – to deliver agreed interventions
- Local delivery – devolution to local areas to deliver in agreed areas of intervention

Where competitive bidding rounds are used, there is a strong case for an Expression of Interest stage to filter out weak or under-developed proposals and projects (as has been used in our selection of economic infrastructure projects to be included in the Implementation Plan). This will be important in ensuring that partners do not waste time and resources developing projects which are unlikely to be successful or do not fit with the LEP’s strategic priorities. The expression of interest phase will be a rigorous initial process designed to ensure that only the strongest proposals are taken forward for a full appraisal.

**Performance Management**

The Implementation Plan which accompanies this Strategic Economic Plan sets out our proposed performance management framework, through which the Board will monitor progress towards our one over-arching target – to create an additional 55,000 private sector employee jobs in the D2N2 area by 2023.

As well as monitoring progress towards this jobs target, we will set targets for each of our five strategic themes, monitoring progress towards the strategic objectives set out in the Implementation Plan using indicators agreed with our partners. We will draw on the set of key economic measures identified in our Strategy for Growth, against which performance is being tracked:

<table>
<thead>
<tr>
<th>D2N2 Key Economic Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>GVA per FTE, £</td>
</tr>
<tr>
<td>Business 3 year survival rate</td>
</tr>
<tr>
<td>Employment rate, %</td>
</tr>
<tr>
<td>% of working age pop. L4+</td>
</tr>
<tr>
<td>Private sector job creation</td>
</tr>
<tr>
<td>% of working age pop. L3+</td>
</tr>
<tr>
<td>Unemployment rate</td>
</tr>
<tr>
<td>No. of apprenticeship starts</td>
</tr>
<tr>
<td>Business start up rate</td>
</tr>
</tbody>
</table>

Each LGF-funded project will be subject to comprehensive monitoring and performance management, with a set of key performance indicators agreed as part of the contracting process and project sponsors held to account for progress against these indicators.

**Evaluation**

Evaluation will be an important part of our approach to performance management, and will be proportionate to the level of investment being made. Our Implementation Plan contains our proposals for evaluating the investment made through the SEP, and in particular that funded through LGF. More detailed proposals for programme, theme and project level evaluation will be developed once the scale of the LGF programme is known. However, it is our intention to commission formative and summative evaluations of our key interventions, in order to inform both future strategy development and decisions on the future allocation of resources.
Headline Financial Proposals and Match-Funding

Introduction
This section sets out our financial proposals and the sources of investment that will be used to deliver our SEP priorities. We also identify the level of funding we are seeking through the Local Growth Fund, and how we propose to use this alongside other investment being made by our private and public sector partners to address market failures and accelerate economic growth.

Investment in Economic Growth in D2N2
The table opposite shows the key sources of finance that will support economic growth in the D2N2 area during the 2015/16 to 2020/21 period. Given that the most recent Comprehensive Spending Review covered only 2015/16, there is considerable uncertainty about the availability of public sector finance beyond this point, with the majority of partners unclear about their budgets beyond 2015/16. However, the figures in the table represent our best current estimate of the funding that will be available.

As can be seen from the table Local Growth Fund, whilst significant, makes up only a relatively small proportion of the overall total. It will however play a critical role in increasing the overall scale of investment in growth, by leveraging other funding, particularly from private sector investors and developers. LGF funds will be particularly important in relation to transport connectivity and economic infrastructure investment.

<table>
<thead>
<tr>
<th>Anticipated Key Sources of Finance, £m</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIS1</td>
<td>1.0</td>
<td>1.8</td>
<td>2.4</td>
<td>2.4</td>
<td>2.1</td>
<td>2.1</td>
<td>11.7</td>
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<td>TSB2</td>
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<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
<td>66.0</td>
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<tr>
<td>ERDF</td>
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<td>16.0</td>
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<td>19.0</td>
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<td>106.9</td>
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<tr>
<td>ESF</td>
<td>12.0</td>
<td>16.0</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
<td>18.9</td>
<td>106.9</td>
</tr>
<tr>
<td>BIG Lottery3</td>
<td>1.8</td>
<td>2.4</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>2.8</td>
<td>16.1</td>
</tr>
<tr>
<td>DWP match</td>
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<td>3.2</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>3.8</td>
<td>21.4</td>
</tr>
<tr>
<td>HCA4</td>
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<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
<td>150.0</td>
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<tr>
<td>EAFRD5</td>
<td>0.5</td>
<td>0.9</td>
<td>1.3</td>
<td>1.3</td>
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</tr>
<tr>
<td>Local Authorities6</td>
<td>102.0</td>
<td>102.0</td>
<td>102.0</td>
<td>102.0</td>
<td>102.0</td>
<td>102.0</td>
<td>612.0</td>
</tr>
<tr>
<td>HE 7</td>
<td>92.0</td>
<td>92.0</td>
<td>92.0</td>
<td>92.0</td>
<td>92.0</td>
<td>92.0</td>
<td>552.0</td>
</tr>
<tr>
<td>FE8</td>
<td>24.0</td>
<td>12.8</td>
<td>1.4</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>38.2</td>
</tr>
<tr>
<td>EZ uplift8</td>
<td>2.9</td>
<td>3.2</td>
<td>4.0</td>
<td>4.3</td>
<td>5.1</td>
<td>5.6</td>
<td>25.1</td>
</tr>
<tr>
<td>LGF</td>
<td>148.7</td>
<td>132.5</td>
<td>101.8</td>
<td>101.8</td>
<td>101.8</td>
<td>101.5</td>
<td>688.1</td>
</tr>
<tr>
<td>Total</td>
<td>432.3</td>
<td>418.8</td>
<td>389.9</td>
<td>388.8</td>
<td>386.1</td>
<td>384.6</td>
<td>2,400.4</td>
</tr>
</tbody>
</table>

Notes
1 – includes MAS, GA and UKTI opt-ins
2 – estimated, based on reported investment in 2012
3 – BIG Lottery match to ESIF funds only
4 – estimated, based on current levels of expenditure in D2N2 area
5 – profiled as per ERDF
6 – estimated
7 - Assumes current scale of activity continues
8 – Match to FE capital investment only
9 – Forecast produced for D2N2 LEP by Gleeds
The Derby, Derbyshire, Nottingham and Nottinghamshire Local Authorities are already investing significant resources in economic development and related services, including planning and transport activities.

**Investment in our Strategic Themes**

The table below shows estimated total investment in each of our four strategic priorities over the next five years. The European Structural and Investment Funds will make a significant contribution to the business support and access to finance, and innovation priorities.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Business support and A2F</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>18.0</td>
</tr>
<tr>
<td>Innovation</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Employment and skills</td>
<td>35.0</td>
<td>24.8</td>
<td>26.0</td>
<td>26.0</td>
<td>26.0</td>
<td>25.7</td>
<td>163.5</td>
</tr>
<tr>
<td>Economic infrastructure</td>
<td>110.7</td>
<td>96.7</td>
<td>64.8</td>
<td>64.8</td>
<td>64.8</td>
<td>64.8</td>
<td>466.6</td>
</tr>
<tr>
<td>Housing and regeneration</td>
<td>0.0</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
<td>40.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>148.7</td>
<td>132.5</td>
<td>101.8</td>
<td>101.8</td>
<td>101.8</td>
<td>101.5</td>
<td>688.1</td>
</tr>
</tbody>
</table>

Future allocations will depend to some extent on the LEP’s track record in spending the 2015/16 allocation within the 2015/16 financial year, and we have tested the deliverability of all our proposed priority actions.

**Outcomes Resulting from LGF Expenditure**

D2N2 LEP is strongly committed to the delivery of key outcomes from public sector investment for growth and we will monitor and report publicly on progress. Our over-arching target is the creation of 55,000 new private sector employee jobs, and we will also track the number of businesses assisted, and estimate the level of GVA created through new/additional jobs. Based on our current programmes and interventions, we believe we can achieve the following outcomes through our investment of LGF.

| Expected Outcomes resulting from LGF expenditure, 2015/16-2020/21 |
|-------------------------------------------------|-------------------|
| New jobs                                       | 21,750            |
| Additional GVA                                  | £870,000,000      |
| Business supported                              | 900               |
| New houses                                     | 12,800            |

Local Growth Fund

Resources from the Local Growth Fund will allow D2N2 to accelerate its plans to support economic growth. We propose to use the funds to support activity that is broadly in line with that supported by each Department providing funding during 2015/16 (e.g. funds from DfT will be used to finance economic infrastructure investment, whilst funds from the Skills Funding Agency will support our employment and skills activity). Discussions about the allocation of funding in future years will continue as the levels and sources of funding become clearer.
Freedoms and Flexibilities

Our Growth Deal with Government won’t is not just about funding. We will ask for freedoms and flexibilities to accelerate the pace of economic growth in D2N2, and make a greater contribution to national economic recovery. As a Core City LEP we fully support the freedoms and flexibilities requests proposed by the Core Cities, and would wish to see these extended across the LEP area. We have grouped our requests into five broad categories and look forward finalising our Growth Deal with Government.

1. Innovation-Led Economic Growth: Leveraging our Key OEMs and their Supply Chains

Our aim is for accelerated economic growth in D2N2 supported by locally tailored interventions shaped to meet the needs of our economy.

Our asks include;
A University Enterprise Zone in Nottingham to accelerate the development of high-technology, innovative and growing businesses through accessing our world class University expertise.

Stronger partnerships with key government agencies providing business support including
- with TSB and BIS to provide tailored innovation support: including exploring the potential to develop a business case for the UK’s first high performance computing centre, ensuring university and college funding is more closely related to local economic needs, and supporting D2N2 to develop the local supply chains of our major OEMs.
- with UKTI: to develop locally sensitive trade support packages including support for targeted Foreign Direct Investment relating to our OEMs / their supply chains. We would wish to be involved in full collaborative account management with UKTI for the OEMs and their local suppliers.
- with Manufacturing Advisory Service and Growth Accelerator so that their provision can be tailored to the needs of the local economy, particularly through joint development with BIS of the specifications for the re-tendering of both programmes

Regional Growth Fund: Extension and flexibility of D2N2 RGF funding and programmes to 2017.

Changes to our EZ designation: We request Enterprise Zone local envelope determination, to enable us to flex our Enterprise Zone sites to respond to changes in local priorities which have the potential to impact negatively on the resources available to the LEP to invest in economic growth in future years, within the existing envelope agreed with HM Treasury.

Greater influence over the national funds dedicated to supporting our key sectors including more joint working with Visit England and DCMS, and control over Visit England’s resources within the D2N2 area, to deliver our ambitions for the visitor economy based on D2N2’s strong cultural and leisure offer, ranging from magnificent stately homes to a world class cycling offer.

Enable firms in rural areas to thrive and grow though tailored support by securing the commitment of Defra to work with us to establish Rural Growth Partnerships, taking forward the strongest elements of the Rural Growth Network pilot proposals. The partnerships would support rural areas to play a full role in the economic success of D2N2, through a package of support covering not just business but also housing and rural development.

Reducing the administrative burden associated with business support projects: We wish to request that the Government does all it can to reduce the ERDF administration and audit burden which can be an impediment to using this...
funding stream, and also request that high level innovation-related training can be funded through ESF (see Skills Deal request).

2. Accelerating Commercial and Residential Development

Our aim is promote sustainable growth and economic rebalancing through providing greater local control over the methods and budgets to accelerate commercial and residential investment and development.

Our asks include:

10 year Transport Funding allocation: in order to promote long-term planning and provide greater certainty, we wish to request that the Government provides D2N2 with a 10-year transport funding allocation, providing local partners with the opportunity to develop strategically-important transport schemes. In line with the Core Cities request, we would wish to see extended powers to regulate public transport networks extended across the LEP.

EZ Capital Grant Funding for Medipark: Capital Grant funding will allow us to accelerate development at the Medipark site and deliver significant private sector investment and employment. We have received in principle approval for £5.5m of EZ Capital Grant funding and wish to see this confirmed as quickly as possible so that works can begin on site.

Assisted Area Status designations: we request that BIS incorporate into the final maps three of the four wards in D2N2’s submission that were not included in BIS’ proposed map (Hucknall East, Boughton and Ollerton), and wish to highlight the request of South Derbyshire District Council to include Hilton ward in the map.

A flexible Accelerated Capital Investment pot: in our proposals for 2015/16, we have prioritised projects which can make a direct and early contribution to our targets of increased jobs and more housing. We believe that capital investment in innovation (in the widest sense) is critical to the business competitiveness and export potential of a number of D2N2’s (and the UK’s) key sectors, and is closely linked to the national priorities of the TSB and the eight great technologies. These investments will deliver medium to long term returns for UK plc and we would like to discuss a more sophisticated investment approach which does not solely rely on immediate returns, and the establishment of a flexible capital investment pot which would enable us to accelerate capital investment in such schemes.

A Step Change in the Rate of House Building in the D2N2 area: We support the Core Cities’ proposals to deliver more and better housing, and would wish to see the proposed changes to tax and incentive regimes extended across the LEP area.

We would like to see a Joint Core Cities Housing Investment Board and single housing investment plans with measures and programmes co-designed between Core City LEPs and the Homes and Communities Agency.

We request changes to tax and incentive regimes to make key sites more attractive to investors. To support this we would like to see:

- Incentivisation of private sector house building;
- Tax breaks for Brownfield Development Zones to get more housing in sustainable locations;
- Government working with D2N2 Local Authorities to shift public spending from housing benefits to building more affordable housing;
- Guarantees to support more private rented sector house building;
- Reform of new homes bonus to create a level playing field for urban housing sites

Lift HRA debt cap: we request that Government goes further than the announcement in the Autumn Statement 2013 and allows D2N2 housing authorities to borrow against HRA assets to allow them to invest in additional housing in their areas. This building programme could also support the delivery of construction training and job opportunities.

Better Digital Infrastructure:

- Speed Up Broadband Delivery – We call on Government to work with Core Cities’ LEPs and the EU to influence and overcome barriers that
prevent or slow down investment in Broadband, and to find ways of accelerating delivery of ultrafast Broadband.

- Research and Development test beds for ultrafast open broadband to be supported by: the alignment of TSB and research Council spend to maximise the value from these networks; an extended ‘cloud voucher’ scheme to allow SMEs to access this test bed; a commitment to scale up the test bed infrastructure to city region level; further work to understand the potential of the ‘smart-city’ concept in delivering economic growth.

Any future central Government funding related to broadband be devolved to the D2N2 LEP and included within its Single Local Growth Fund allocation. Government support for the inclusion of investment in broadband as a priority in the D2N2 EU SIF Strategy is also requested.

3. The D2N2 Skills Deal

Our aim is for local businesses and residents to have ready access to the skills they need to thrive through a local skills ‘system’ that responds directly to local needs and opportunities.

Our asks include;

Agreement of a Skills Deal: with the Skills Funding Agency / Department of Work and Pensions, to align resources around the skills priorities identified in D2N2’s Skills Strategy for Growth, improve economic competitiveness and provide us with greater influence over the skills, employment provision and support and careers guidance provided in our area. Our ask here is aligned with the proposal put forward by the Core Cities, and includes the roll out of a sustainable Apprenticeship Hub model across D2N2; stretch targets to increase the number of apprenticeships and incentive payments to increase traineeships; influence over Careers Service provision within D2N2 and the use of National Careers Service branding where appropriate; development of a portfolio approach for JSA and ESA claimants to demonstrate to employers that they are ready for work; and for us to shape what is commissioned locally when the Work Programme contracts are re-tendered in 2015. Full technical details of our asks are included in our draft Growth Deal.

D2N2 to become a pilot area for the inspection of employability skills provision within the Ofsted framework for schools, to support our development of a D2N2 Employability Framework and local Charters.

D2N2 to be the location of the HS2 College: The D2N2 economy, its businesses and expertise, will be crucial to the success of HS2. We propose that an HS2 Skills Academy should be established within the D2N2 area to ensure a sufficient supply of appropriately skilled workers is available as project implementation begins.

Additional capital funding to secure a new Nottingham Skills Hub: our plans for Nottingham Broadmarsh are ambitious and have been endorsed by our FE leaders, who recognise the transformational effect the development will have on skills attainment within the city and beyond. In order to deliver them, we will need additional capital funding, as well as early investment in masterplanning and development work.

Maximise the potential to use ESF to fund higher level skills projects. The development of higher level skills (L4+) in the workforce in the context of innovation, workforce resilience and career adaptability are a priority for D2N2. We wish to request that the Government does all it can to make higher level skills ESF projects viable including the development of an eligible flat rate indirect cost for HE and an eligible element of private sector match funding for higher level workforce development and graduate internship projects.

4. HS2 and East Midlands Connectivity

Our aim is to collaborate with Government and key partners to sustainably realise the economic potential of our key connectivity hubs.

Our asks include;

Government support / participation in the East Midlands Hub task force: working with Leicester and Leicestershire LEP, we will establish an East
**Fiscal Devolution**
- D2N2 authorities to be able to keep a larger share of the taxes raised from their patch.
- Government to implement the London Finance Commission findings, devolving property taxes to D2N2 authorities. D2N2 able to set other smaller local taxes, e.g. hotel room tax, and explore other taxes having a local element, e.g. VAT and income tax.

**Local Flexibility Over Spend**
- Multi-year budget settlements for local authorities tied to length of parliaments.
- All Government funding for a specific purpose to be placed into a single fund and spent according to Single Local Plans that are agreed between Government and the Local Authority.
- Increased local control over public spending to drive reform through ‘place-based settlements’ for revenue funds (including for Health and Social Care Integration and Skills and Labour Market Agreements).
- Extend the Single Pot approach for capital funds.

**Business Finance**
- Review whether a ‘Local Investment / Business Bank’ would help increase the business investment focus across Core Cities’ LEPs, particularly for SMEs. This could be explored across all Core Cities’ LEPs.
- Venture capital funds administered by local financial institutions e.g. Business Banks.

**More Efficient and Cheaper Energy:**
- Control over Energy Tariff Prices and Taxes: Core Cities’ LEPs would like the freedom to set the Tariff Prices on the energy they produce, and reinvest more taxes from energy production.
- Greater powers to organise infrastructure plans with Utility companies.

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**Midlands Hub Task Force**

To ensure the proposed developments linked to HS2 and East Midlands Airport deliver the maximum possible economic benefits and ensure interconnectivity of the Hub with the three cities, wider D2N2 area and east-west connections. We request Government support / participation in this task force and consideration of innovative mechanisms to facilitate the provision of the required infrastructure.

**A funding package to achieve HS2 connectivity** enabling areas in D2N2, particularly in the East, West and North of our area, to realise the full economic benefit of the HS2 hub.

**An early commitment to build HS2**, in full, supporting the recommendations within the Higgins Report “HS2 Plus”, with an accelerated timescale to deliver both stages simultaneously.

**A dedicated revenue fund to establish the feasibility** of key economic infrastructure and connectivity investments.

In line with the Core Cities’ requests, we would wish for a formal role for D2N2 in agreeing aviation strategies.

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**5. Fiscal, Financial and Other Freedoms**

Our aim is to have greater local control over public funding so that we can join up spending and plans to get better results for our economy and communities. International evidence suggests that there is a strong relationship between places that enjoy greater control over money and policies and successful economies.

Our asks include:

**LEP Management Capacity**
- We request 2% of the overall level of Local Growth Fund to provide the relevant management capacity to D2N2 and partners. D2N2 will continue to draw on the time, skills and expertise of its many partners in delivering its LGF programme.
and to hold to account the utility generators, transmission services and distributors across our area.

- Cities should be the prime delivery partners for Energy Company Obligations funds in our areas.