D2N2 Annual Review 2016/17

The Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire

www.d2n2lep.org
@D2N2LEP
@D2N2GrowthHub

D2N2 Local Enterprise Partnership
NG2 Business Park, 8 Experian Way
Nottingham NG2 1EP
The D2N2 Local Enterprise Partnership

Our vision is of a more prosperous, better connected, and increasingly resilient and competitive economy.

Our purpose is to support and encourage economic growth in the D2N2 region.

Our ambition is to be one of the most respected Local Enterprise Partnerships in the country, known for our professionalism and effectiveness.

Our main targets are to:

- Support the creation of 55,000 jobs in the D2N2 area by 2023. The majority of these jobs will be in the private sector.
- Accelerate delivery of 77,000 new homes.
- Deliver a step change in skills outcomes.
- Increase our business base.
- Share the benefits of growth across our communities.

D2N2: The UK’s Most Inspirational Postcode

High Peak / Peak District
- Economic assets include the Peak District National Park, including the cultural economy; Chatsworth the University of Derby as Chesterfield and the Peak District Visitor Centre; and new at Grappenhall - the University of Derby as Chesterfield and the Peak District Visitor Centre.
- Economic opportunities include Holme Bridge and Baslow Road in Matlock, Ashbourne Ashfield, Chatsworth Halls, Matlock Bath, Beeley, Eyam, and the Peak District Visitor Centre.

Nottingham North
- Benefits from the presence of the University of Nottingham in the East Midlands area, the East Midlands area, and key local employers including Whitbread and E.ON.
- Development sites include the sites of Notts County and Chesterfield, and the area will benefit from the improvements to the A61.

Mansfield, Ashfield and Central Nottinghamshire
- Benefits from the presence of the University of Nottingham in the East Midlands area, the East Midlands area, and key local employers including Whitbread and E.ON.
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Eastern and Southern Nottinghamshire
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Other Infrastructure Improvements
- Benefits from strategic connectivity via the A41 and A51
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- Economic opportunities include Edwinstowe, Baslow, Eyam, and Matlock in the Peak District.
- Transport improvements include the dualing of the A41 from Newark to Mansfield.

South Yorkshire
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D2N2 Chair Peter Richardson on backing business in changing times

Welcome to D2N2's 2016/17 Annual Review. Since the last Review, events have included 'Brexit' negotiations starting, a confirmed preferred HS2 Phase Two route through D2N2's area, a General Election, Government launching a Midlands Engine Strategy and Green Papers on Industrial Strategy, housing and the National Productivity Fund – and an extra £62.9million in Local Growth Fund monies for D2N2 to invest in infrastructure.

LEPs and the 'business voice' remain central to Government thinking and growth plans. At the LEPs' National Conference (March), Communities Secretary Sajid Javid praised partnerships' efforts on jobs, skills and business start-ups – then asked for more to aid businesses.

Mr Javid's 'asks' included that LEPs genuinely consult on and respond to businesses’ needs, constructively use LEPs’ ability to work across local authority and public/private sector boundaries, create environments where entrepreneurs and community enterprises flourish, and demonstrate that LEPs spend taxpayers’ money in a “transparent and justified” way, so all benefit.

Whilst LEPs already demonstrate these good practices, we see the need, and strive, to improve. This Review includes D2N2's Statement of Accounts. In the past five years the D2N2 area economy has performed strongly. D2N2 and fellow LEPs will continue to play a big part in shaping the changing economic landscape.

As part of this year’s Review, and ahead of the Strategic Economic Plan (SEP) refresh, we – and the University of Nottingham – have examined the productivity puzzle. At Conference we’ll publish our annual State of the Economy report, D2N2’s ‘performance dashboard’ and Impact Report. It's a D2N2 founding principle that ALL communities share economic benefits we produce. We work with community and voluntary groups to address issues through our Social Inclusion Framework and advisory group. The long-term unemployed – particularly young and older workers – and those socially excluded in our area can access projects via a £15m Building Better Opportunities programme launched Big Lottery Fund funded; delivered by charity partners Framework, Advice Nottingham and Groundwork. With the aid of industry-backed sector groups we champion eight key sectors. The new £30million 'BioCity Discovery' building resulted from Nottingham City Council, BioCity Nottingham and D2N2 working together; providing more space for life sciences’ start-ups. The LEP also this year jointly invested, with the Food and Drink Forum, in FEAST (Food Enterprise & Advisory Support Team); supporting food and drink manufacturer growth ambitions. The University of Nottingham’s £23m Institute of Advanced Manufacturing, due to open at the end of 2017, received £5m from D2N2.

In March (2017) 1 and colleagues welcomed then Communities Minister Andrew Percy MP here, to announce a further £62.9m Local Growth Fund allocation for the LEP. Our original bid – revealed at our 2016 Conference – showed the creative thinking and cross-sector working Government wants to see; resulting in the highest LGF 3 allocation awarded a Midlands LEP. Projects set to benefit include a Derby technology campus and the Woodville-Swatlincote Regeneration Route, Derbyshire.

SMs are now accessing D2N2 area universities’ technical, research and product development help, due to the £20m 'Enabling Innovation' project; half-funded by D2N2’s EU funds. It’s an important time for UK Plc, the Midlands and the D2N2 area. I hope you enjoy reading about our successes in this 2016/17 Annual Review. They wouldn’t have been possible without D2N2’s regional and national partners, and the dedication of its Board and staff; who I sincerely thank.

David Ralph, Chief Executive of the D2N2 LEP looks to the future

With business engagement a continuing theme of Government policy, particularly as it develops its Brexit plan and Industrial Strategy, a high performing LEP is a key foundation to delivering prosperity and growth in Derbyshire and Nottinghamshire.

We are carrying out a Board-level review, to report back September 2017, to answer a key question: ‘To what extent does the D2N2 LEP deliver economic growth and productivity? What are the barriers to delivery?’ Our Board is being refreshed with vacancies for business representatives.

We’re working with partners to review our Strategic Economic Plan review. We’ll be consulting widely from summer 2017, emphasising productivity and delivery of inclusive growth.

We’ll continue to support Government’s Midlands Engine and Brexit plans, and emerging Industrial Strategy. D2N2 is focused on and committed to delivering on our central responsibilities; bringing forward over 50 area infrastructure schemes, business support via D2N2 Growth Hub, Nottingham & Derby Enterprise Zone’s promotion, and commissioning an effective European Structural and Investment Funds (ESIF) programme.

D2N2’s Local Growth Fund allocation is now worth around £260m in public investment for the area, part of a capital investment package exceeding £1 billion. Our ESIF fund is worth over £200m. With such resources, LEPs must increasingly show transparency and accountability. D2N2 has refreshed its Local Assurance Framework – our means of appraising projects’ value for money and impact – and upgraded processes to avoid conflicts of interest.

The D2N2 LEP has a key role in delivering the East Midlands HS2 Growth Strategy, to be published summer 2017. As well as supporting a new Chesterfield station, and supply chain and skills opportunities, the Strategy outlines a transformational and exciting vision for Toton – as the Midlands’ best connected transport interchange and a 21st century innovation district, delivering over 10,000 new jobs.

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D2N2 Annual Review 2016/17
Editor, writer and design: D2N2 Communications Manager Sean Kirby Writer and design: Social Media and Marketing Officer Sam Burbage Photos: D2N2, and by kind permission of LEP partners and area companies
2016/17: The year in brief

July 28, 2016: Official opening of Infinity Park Way (T12 Link Road), connecting 100 acre Infinity Park, part of D2N2-backed Nottingham & Derby Enterprise Zone, with A50.

August 1: Nottingham Station Street improvements completed. Pedestrianisation work was part of City’s Southern Gateway project, given £10.4m from D2N2’s Local Growth Fund.

August 23: D2N2 and Nottingham-based Food and Drink Forum launch co-funded £3.5m Food Enterprise Advisory Support Team (FEAST) project, aiding food and drink manufacturers hungry for expansion.

August 31: £2.49m investment by D2N2 in key sector Life Sciences’ new companies, through Medilink East Midlands’ £4.9m INSTILS (Inspiring Networking to Stimulate Technological Innovation in Life Sciences) project.

September 1: D2N2 Growth Hub services guaranteed until March 2019 and offer to businesses to be improved; following £1.27m award in European funding, via Department for Communities and Local Government.

September 14: University of Nottingham’s £23m Institute of Advanced Manufacturing to receive £5m from D2N2’s £192m Local Growth Fund allocation. Centre due to be completed by end 2017.

October 6: Conference to address young people’s employability skills held in north Derbyshire - by Placing Futures Ltd, Destination Chesterfield and D2N2 - to back principles laid out in LEP’s Employability Framework.

October 11: First of D2N2’s six Business Breakfasts held at Derby Silk Mill with guest business speaker Kavita Oberoi OBE; entrepreneur and businesswoman, formerly featured on Channel 4’s The Secret Millionaire and as a panel member on BBC’s The Apprentice: You’re Fired. The Breakfasts, held across the LEP’s area, go on to attract around 230 delegates in total.

October 21: Official opening of University of Derby’s new Chesterfield Campus, which received £3.48m funding via D2N2’s Local Growth Fund.

October 25: Nottingham in Parliament Day. A partnership of city institutions hold events day in Parliament to attract inward investment; backed by D2N2, which sponsors a ‘Green Room’ for businesses.

October 28: £5.8m agreed by D2N2’s Infrastructure and Investment Board to help decontaminate former Coalite site, near Bolsover, to create employment and residential development.

November 4: Official opening of £6.5m Vision University Centre at West Nottinghamshire College’s main campus, which received £2.6m from D2N2’s LGF funding.

November 15: Confirmation that proposed HS2 Phase Two route through East Midlands (and D2N2 area) is to be taken forward as Government’s preferred one. Welcomed by East Midlands HS2 Strategic Board; a partnership of over 30 of region’s local authorities, businesses and Local Enterprise Partnerships – including D2N2.

November 16: Free Low Carbon Workshop staged by D2N2 for businesses, in support of key sector Low Carbon Technologies.

November 18: Initial Growth Strategy report launched by East Midlands HS2 Strategic Board reveals around 74,000 jobs could be created and £1.2 billion added to East Midlands’ economy, if Government’s preferred HS2 route through East Midlands (and D2N2 area) is built.

November 23: Autumn Statement 2016’s good news for Midlands Engine includes £5m for Birmingham’s Midlands Rail Hub, £20m towards costs of Defence and National Rehabilitation Centre in Nottinghamshire, and confirmed arrangements for £250m Midlands Engine Investment Fund to help SMEs.

November 25: £7m in European Social Fund (ESF) monies allocated, via D2N2, to help people find work, employers to plug skills gaps and to aid area
in retaining skilled graduates.

December 1: £4.9m project to help creative and digital businesses develop will receive half funding from D2N2’s £250 million euros European Structural and Investment Funds (ESIF) allocation.

December 7: D2N2 Growth Hub’s second anniversary event. Around 80 delegates hear of 3,000 businesses helped by it to date.

December 13: £15m from D2N2 and Big Lottery Fund announced to tackle unemployment and social exclusion, via ‘Building Better Opportunities’ programme. Projects to be run by charities Framework, Advice Nottingham and Groundwork Greater Nottingham.

2017

January 23: £300,000 towards Bulwell Market Place improvements, including £100,000 from D2N2’s Local Growth Fund allocation and £200,000 from Nottingham City Council.

February 15: Free ‘Rural Means Business Conference’ hosted by D2N2 at Nottingham Trent University’s Brackenhurst Campus. Delegates hear about £3m EU fund, via D2N2, to help rural businesses and of other funding opportunities.

February 17: Launch of D2N2’s area consultation on Government’s draft national Industrial Strategy and its priorities. The LEP used this information to submit suggestions to Government, reflecting area’s business needs.

March 9: £62.9m announced for D2N2 area through Local Growth Fund: Round Three.

March 10: £7.5m Seymour Link Road, linking Markham Vale Enterprise Zone near Chesterfield with junction 29a of the M1 motorway, officially opens. Funded by D2N2, Sheffield City Region Local Enterprise Partnership and Derbyshire County Council.

March 21: Trent Valley Economic Assessment Report launched by Lowland Derbyshire & Nottinghamshire Local Nature Partnership – backed by D2N2 – detailing how billions of pounds and more than 150,000 jobs could be added to Trent Valley area economy by 2050, whilst still protecting natural environment.

March 30: Two free advice seminars on new Apprenticeship Levy and what it means for D2N2 area businesses, to be hosted by LEP Skills team.

March 31: £1.9m project to reinvigorate Derby city centre’s main streets is to be funded by D2N2 and Derby City Council.

April 12: Study shows 2015 and 2016 seasons of ‘The Grand Tour’ tourism initiative, part-funded by the LEP, added an estimated £32m-plus to the local economy.

Centre: The Vision University Centre was opened at West Nottinghamshire College’s main campus. Above: The Duke of Devonshire opened the University of Derby Chesterfield campus.

Top: A study showed that the 2015 and 2016 seasons of ‘The Grand Tour’ added an estimated £32m-plus to the local economy.

Communities Minister Andrew Percy MP visits north Nottinghamshire project sites on list.

May 12: D2N2 Growth Hub launches tender for a contractor to deliver ‘platinum business support’, for high growth businesses.

June 17: D2N2 Chair Peter Richardson awarded OBE in Queen’s Birthday Honours List “for services to enterprise and growth”.

D2N2 Annual Review 2016/17
Growth Hub’s year of delivery

More than 4,500 small and medium-sized enterprises (SMEs) have benefited from the advice of the D2N2 Growth Hub since its launch in December 2014.

Business clients continue to highly rate the Growth Hub’s (largely) free advice and help on growth, exports, innovation, efficiency, digital development, and business and marketing strategy. A second annual survey – conducted in March (2017) – of a sample (200) of Growth Hub business clients showed 88% (176 clients) said they would recommend its services to another business, and 73% (146) who rated the advice or service they had received as ‘good’ to ‘excellent’.

The Growth Hub’s day-to-day operational activity is managed by D2N2, Nottingham City Council and East Midlands Chamber, with strategic overview from the D2N2 Project Board – chaired by local businessman David Williams – and its Executive Group.

Highlights for the D2N2 Growth Hub this year have included:

● September 2016: The Growth Hub was awarded £1.27m from the European Regional Development Fund (ERDF), through the Department for Communities and Local Government (DCLG), guaranteeing its services for LEP area businesses until March 2019. The new funding meant continuation of its core services as well as additional aid including appointment of a Growth Hub Manager, increased capacity to handle business support enquiries and greater opportunities for working with partner organisations.

● December 2016: Held a second Growth Hub anniversary event for businesses and partners (pictured), at Nottingham’s Council House, attended by 80 delegates. Representatives from partners Nottingham’s Creative Quarter, the University of Derby’s Invest to Grow programme, the EMB Group and the Enterprise Europe Network spoke about their work with the Growth Hub to help area businesses.

● February 2017: Launch of £7.2m D2N2 Digital Business Growth Programme (half-funded through D2N2’s EU funding allocation); to help around 850 SMEs across the D2N2 LEP area, over three years, to make better use of digital connectivity to expand their businesses. The Growth Hub’s role is to put programme deliverers Nottinghamshire County Council and East Midlands Chamber in contact with SMEs likely to benefit from it.

● March 2017: The Growth Hub was awarded £430,500 from BEIS – Department of Business, Energy and Industrial Strategy – to deliver Growth Hub work and business support.

● June 2017: Consortium of delivery partners commissioned to run D2N2’s High Growth Business Support programme to help high-achieving SMEs across the D2N2 LEP area with growth ambitions to expand further. The programme, to be launched later this year (2017), will run until March 2018.

In addition the Growth Hub has run a range of free workshops, two Rural Means Business conferences and other events across the LEP area (both jointly and without private and public sector partners) on a wide range of subjects including exporting, marketing and PR, planning expansion, accessing finance and enhancing a company’s brand. It also attended many external events to spread the word about its services; including Venturefest East Midlands in March (where it sponsored its ‘PitchFest’ contest for new businesses) and the annual Love Business Expo.

Lindsay Allen, D2N2 Senior Programme Manager (Sector Development) and lead D2N2 officer for the Growth Hub, said: “It’s been a terrific year for the Growth Hub but we have even greater ambitions to help the LEP area economy, including our overarching target of engaging with 2,000 new clients per year.

“We made great strides under our first Growth Hub Manager and his recent replacement Chris Pook, who came to us from his role as Economic Strategy Manager at Derby City Council, has the experience and know-how to take us even further.”

The D2N2 Growth Hub can be contacted on its helpline at 0333 006 9178, on email at info@d2n2growthhub.co.uk, or via its social media channels on Twitter at @D2N2GrowthHub or LinkedIn on ‘D2N2 Growth Hub’.
D2N2 Annual Accounts 2016/17

Financial Summary 2016/17

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<th>Type of Funding</th>
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<td>Capital</td>
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<td>Growth Hub</td>
<td>Revenue</td>
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Expenditure 2016/17

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D2N2 Monthly Actuals 2016-17

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<td>866,387</td>
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</tr>
<tr>
<td>Profits/(loss)</td>
<td>0</td>
<td>0</td>
<td>-630</td>
<td>0</td>
<td>-4,951</td>
<td>5,289</td>
<td>606</td>
<td>-3</td>
<td>5,082</td>
<td>-5,313</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
2016/17 D2N2 LEP STATE OF THE ECONOMY DASHBOARD

SUMMARY

The D2N2 LEP area economy has made good progress against most of the LEP’s key performance indicators over the past year. The highlights of the D2N2 economic performance are a growing employment rate and private sector employment, as well as improving business start-up and survival rates. However, the combination of growth in employment, which exceeded GVA growth, and a shortage of highly skilled workers resulted in lower labour productivity. Additionally, the number of employment and support allowance claimants and a slight reduction in healthy life expectancy confirm a downward trend for health outcomes. A continuing reduction in CO2 emissions and miles travelled by cars suggest a diminishing impact on the environment. For a more detailed analysis of the D2N2 economy refer to the 2016/2017 State of the Economy report.

Legend:

- Getting Worse (up/down 0.01% or more)
- Insignificant change (less than 0.01% change)
- Getting Better (up/down 0.01% or more)

<table>
<thead>
<tr>
<th>Key Performance Indicators</th>
<th>D2N2 performance</th>
<th>National performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECONOMIC INDICATORS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GVA per FTE, £</td>
<td>£57,232 -0.8%</td>
<td>£68,006 0.01%</td>
</tr>
<tr>
<td>Total Employees (number)</td>
<td>914,213 2.9%</td>
<td>24,866,576 2.4%</td>
</tr>
<tr>
<td>Private Sector Employees (number)</td>
<td>745,023 3.8%</td>
<td>20,550,042 3.0%</td>
</tr>
<tr>
<td>Private Sector Employees (%)</td>
<td>81.5% 0.7% pt.</td>
<td>82.6% 0.5% pt.</td>
</tr>
<tr>
<td>Economically active employment rate (%)</td>
<td>95.7% 0.0% pt.</td>
<td>95.0% 0.0% pt.</td>
</tr>
<tr>
<td>Working age unemployment rate (%)</td>
<td>4.3% -0.6% pt.</td>
<td>5.0% -0.3% pt.</td>
</tr>
<tr>
<td>Business start-up rate (%)</td>
<td>16.8% 2.5% pt.</td>
<td>16.3% 0.2% pt.</td>
</tr>
<tr>
<td>Business 3-year survival rate (%)</td>
<td>60.7% 0.6% pt.</td>
<td>59.2% -1.2% pt.</td>
</tr>
<tr>
<td>Business 5-year survival rate (%)</td>
<td>42.7% 0.5% pt.</td>
<td>41.4% -0.4% pt.</td>
</tr>
<tr>
<td>Working age population with L4+ qualifications (%)</td>
<td>32.0% 1.3% pt.</td>
<td>37.9% 1.1% pt.</td>
</tr>
<tr>
<td>Working age population with L3+ qualifications (%)</td>
<td>53.4% 0.1% pt.</td>
<td>56.7% 1.1% pt.</td>
</tr>
<tr>
<td>Working age population with no qualifications (%)</td>
<td>8.1% 0.0% pt.</td>
<td>7.8% -0.6% pt.</td>
</tr>
<tr>
<td>Apprenticeship starts (number)</td>
<td>24,320 -0.9%</td>
<td>503,900 2.0%</td>
</tr>
</tbody>
</table>

**HEALTH AND SUSTAINABILITY INDICATORS**

| Claimant count, No. * | 24,970 3.7% | 669,530 6.0% |
| ESA claimants, No.    | 90,090 4.9% | 1,961,930 0.9% |
| Working days lost due to sickness, % | 1.5% 0.02% pt. | 1.5% -0.1% pt. |
| Gap in the employment rate between those with a learning disability and the overall employment rate, %pt | 69.6% 2.1% pt. | 68.1% 1.2% pt. |
| Gap in the employment rate for those in contact with secondary mental health services and the overall employment rate, %pt | 65.6% 1.4% pt. | 67.2% 1.1% pt. |
| CO2 emissions per capita, tonnes | 7.3 -8.1% | 6.0 -10.7% |
| CO2 emissions per £m of annual GVA, tonnes | 365 -10.7% | 232.8 -14.4% |
| Vehicle miles by cars, % | 77.8% -0.1% pt. | 78.1% -0.1% pt. |
| Days air quality exceeds ‘moderate’ or higher thresholds across D2N2 sites, No. of days per site ** | 7.4 10.4% | 10.4 2.7% |

**SOCIAL INCLUSION INDICATORS**

| Male healthy life expectancy at birth, years | 60.5 -0.8% | 63.4 0.3% |
| Female healthy life expectancy at birth, years | 60.7 -0.7% | 64.1 0.4% |
| Households experiencing fuel poverty, No. | 92,976 -4.7% | 2,379,000 1.4% |
| Households experiencing fuel poverty, % | 10.1% -0.5% pt. | 10.6% 0.2% pt. |

Notes: The (un)employment rates are based on those living in the D2N2 area regardless of where they work.

*Claimant count indicator reflects the switch from Job Seeker’s Allowance to Universal Credit. ** Based on measures at 3-5 sites in D2N2 - Chesterfield Loundsley Green, Chesterfield Roadside, Nottingham Centre, Nottingham Western Boulevard, Ladybower and 62 nationally, subject to meeting inclusion criteria.

D2N2 Strategic Economic Plan
Impact Report 2013 to 2016/17

New Jobs
- 2,597 Jobs created to date
- 44,000 Private Sector Jobs Created
- 55,000 Target
- 30,509 Projected new jobs by 2021

Skills
- 8,460 People Upskilled
- 19,630 Programme beneficiaries by 2019
- 46,100 Skilled worker shortage

Housing
- 328 Built
- 1,030 Protected
- 5,340 Target

Infrastructure Delivered
- 13.37 KM Road Built
- 97.86 KM Cycleways constructed
- 5,430 m² Learning space delivered

Key: LEP Programme Impact to date* Net change 2013-15** Target LEP Projected impact***

Business Support
- £49.8m Total ESF Funding Awarded
- 18 Projects
- 7,117 Businesses to receive support

Growth Hub
- £209.4m ESDF Funding approved for innovation-focused projects
- 3,519 Businesses supported (to February 2021)
- 5 Projects

Innovation
- £225,000 Growing Places Fund (Investment)
- 20 Events
- 625 Attendees
- 36 Innovation Projects (vouchers, credits or collaborations)

Investment Unlocked by D2N2 Programmes (£m)

<table>
<thead>
<tr>
<th>Private Sector</th>
<th>Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>£195.97</td>
<td>£263.12</td>
</tr>
</tbody>
</table>

Total investment: £784m

European Social Fund
- £29.33m ESF Funding Approved
- 14 Projects
- 25,253 Participants by 2019 (Jobs, Training and Apprenticeships)

Notes:
* LEP programme impact was sourced from the end of contract evaluation reports or programme monitoring returns available as of March 2017 from programmes funded by the Local Growth Fund (LGF), Growing Places Fund (GPF), Skills Support for the Workforce (SSW) programme funded by the European Social Fund (ESF), and Unlocking Investment for Growth (UIG) programme funded by the Regional Growth Fund. Impact on skills includes actual programme participants sourced from ESF management information for Q4 2016 and may be subject to change.
** Private sector jobs and housing figures are sourced from ONS and represent net change from 2013 to 2015. Public sector jobs are calculated by subtracting public administration, education and health jobs from the total jobs reported by Business Register and Employment Survey (BRES). Housing figure shows dwellings started and completed from 2013 to 2015. Skill shortages figure was estimated using 2015 UK Commission for Employment and Skills (UCES) Employer Skills Survey and Eurobarometer job vacancies data and is subject to change.
*** Projected LEP impact is based on estimated outputs of all approved programmes funded by LGE, GPF, ESF, and EAFRD as of March 2017.
**** Includes the past and current LGE, GPF, and European Structural and Investment Funds (ESIF) investment commitments.

Housing includes the number of homes that benefited from flood protections put in place as part of the D2N2 Housing Programme.
The UK’s Most Inspirational Postcode

D2N2 Local Growth Fund an

**Local Growth Fund (LGF)**

<table>
<thead>
<tr>
<th>Current Projects</th>
<th>Grant Paid 2016/17 (in millions unless stated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infinity Park Derby</td>
<td>£ 4m</td>
</tr>
<tr>
<td>Becketwell</td>
<td>£ 3m</td>
</tr>
<tr>
<td>Our City Our River</td>
<td>£ 2.5m</td>
</tr>
<tr>
<td>AS2 Wyvern</td>
<td>£ 1.5m</td>
</tr>
<tr>
<td>Derbyshire County Council Street Lighting LED Scheme</td>
<td>£ 1.8m</td>
</tr>
<tr>
<td>Derbyshire County Council Highways Maintenance</td>
<td>£ 8.9m</td>
</tr>
<tr>
<td>Tudor Cross (Former Coalite)</td>
<td>£ 5.7m</td>
</tr>
<tr>
<td>Buxton Crescent</td>
<td>£ 2m</td>
</tr>
<tr>
<td>Seymour Link Road</td>
<td>£500,000</td>
</tr>
<tr>
<td>A61 Corridor</td>
<td>£500,000</td>
</tr>
<tr>
<td>Nottingham Skills Hub</td>
<td>£192,000</td>
</tr>
<tr>
<td>Nottingham Broadmarsh</td>
<td>£710,000</td>
</tr>
<tr>
<td>Nottingham Cycle City Ambition Programme</td>
<td>£ 1.9m</td>
</tr>
<tr>
<td>Medicity</td>
<td>£740,000</td>
</tr>
<tr>
<td>Bulwell Market</td>
<td>£100,000</td>
</tr>
<tr>
<td>Southern Growth Corridor</td>
<td>£ 2m</td>
</tr>
<tr>
<td>Dakeyne Street</td>
<td>£180,000</td>
</tr>
<tr>
<td>Institute for Advanced Manufacturing</td>
<td>£ 5m</td>
</tr>
<tr>
<td>Newark Southern Link Road</td>
<td>£ 6m</td>
</tr>
<tr>
<td>Harworth and Bircotes Access Road</td>
<td>£ 1.1m</td>
</tr>
<tr>
<td>A57/A60 Junction Worksop</td>
<td>£515,000</td>
</tr>
<tr>
<td>Ada Lovelace House</td>
<td>£143,000</td>
</tr>
<tr>
<td>Sutton Indoor Market</td>
<td>£378,000</td>
</tr>
<tr>
<td>A46 Corridor, Rushcliffe</td>
<td>£ 2m</td>
</tr>
<tr>
<td>Enterprise Zone Sustainable Transport</td>
<td>£756,000</td>
</tr>
<tr>
<td>LEP Management</td>
<td>£177,000</td>
</tr>
<tr>
<td>D2N2 Sustainable Transport Programme</td>
<td>£ 2.4m</td>
</tr>
<tr>
<td><strong>Total</strong>*</td>
<td><strong>£55.1m</strong></td>
</tr>
</tbody>
</table>

**LGF Round 3 - Proposed Projects**

<table>
<thead>
<tr>
<th>Proposed Grant (in millions unless stated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Castleward Derby</td>
</tr>
<tr>
<td>Silk Mill World Heritage site, Derby</td>
</tr>
<tr>
<td>Derby Performance Venue</td>
</tr>
<tr>
<td>Rail Research and Innovation Centre, Derby</td>
</tr>
<tr>
<td>Derby College: Inst. for Engineering and Construction</td>
</tr>
<tr>
<td>Woodville-Swatfield Regeneration Route</td>
</tr>
<tr>
<td>Riverside Business Park, Bakewell</td>
</tr>
<tr>
<td>Foundry Park, Ilkeston (at former Stanton Ironworks)</td>
</tr>
<tr>
<td>Southern Gateway, Nottingham city centre</td>
</tr>
<tr>
<td>Nottingham Castle</td>
</tr>
<tr>
<td>Nottingham Trent Uni: Science and Technology Centre</td>
</tr>
<tr>
<td>Former Vesuvius Works, Worksop</td>
</tr>
<tr>
<td>Sherwood Forest Visitor Centre, Newark</td>
</tr>
<tr>
<td>Unlocking Growth: Nottinghamshire Town Centres</td>
</tr>
<tr>
<td>Sherwood Energy Village, Newark</td>
</tr>
<tr>
<td>Midland Main Line project (Mkt Harborough)</td>
</tr>
<tr>
<td>HS2 strategic sites (Notts &amp; Derbyshire)</td>
</tr>
<tr>
<td><strong>Total</strong>*</td>
</tr>
</tbody>
</table>

*Figures are rounded down - full accounts available on request

**LGF 3 over-allocation - some projects may evolve in planning and may not attain full value.

*Funding for these projects was ap
Infrastructure Projects

Chesterfield Centre for Higher Level Skills*

Harworth and Bircotes Access Road

Local Growth Fund

£183.21m (LOF - i.e., Signed off or committed)
£140.76m Private sector investment.
35 Projects
£661.46m Total investment

A46 Corridor Rushcliffe

BioCity Discovery Building*

Seymour Link Road

Growing Places Fund (Capital)

£11.758m
8 Projects
£57.64m Total investment

Nottingham Southern Gateway

Nottingham & Derby Enterprise Zone

proved in 2015/16, they have been completed 2016/17
ENTERPRISE AND INNOVATION

Nottingham and Derby are in the Zone

Five years after Enterprise Zones were set up – the UK now has 48 – Government enthusiasm for them as catalysts for economic growth continues.

Latest estimates credit EZs with attracting more than £2.6bn in private investment, over 700 new businesses to locate on them and creating over 29,000 jobs (Department for Communities and Local Government, April 2017).

National success is reflected locally. The Nottingham & Derby Enterprise Zone, overseen by D2N2, includes the Boots site, Beeston Business Park and Nottingham Science Park sites in Greater Nottingham, as well as Infinity Park, Derby. EZ sites featured in the region’s Midlands Engine ‘pitchbook’ of development sites, presented at the MIPIM global property exhibition in France in March (2017).

In the last 12 months the EZ sites have also seen:

**Boots site**
Main site contractor CA Blackwell Ltd is set to deliver the contract on-site, for completion by the end of 2017:
- A pedestrian and cycle route into the site from University Boulevard – co-funded by D2N2 – including plans for a new bridge over the Nottingham/London railway line, to provide pedestrian/cyclist access to the NET tram stop near Nottingham Science Park. This bridge would carry cabling, bringing superfast broadband to site. Bridge construction is due to begin summer 2017.
- Remediation of development plots, for the Nottingham EZ Joint Venture Company (JVCo). Further development plots are in the pipeline.

**Beeston Business Park**
The finalised planning application for Beeston Business Park is due for approval summer 2017. It allows for development of:
- 310 homes
- 13,250 square metres of employment space
- 37,673 sq ft of space for school expansion
- 60-space car park
- community centre.

**Nottingham Science Park**
Nottingham City Council (NCC) has submitted an initial application to D2N2 to access £4.75m to extend the current Nottingham Science Park, as part of a wider £9.7m scheme. The council’s detailed Stage Two submission is expected in April 2018. Funding would create a new facility at the Park’s front and acquire the remainder of the site from development company Blueprint.

The Stage One business plan NCC submitted to the LEP said outcomes would include a:
- 3,218 sq m building with undercroft parking of 70 spaces, a café and meeting area
- 109 FTE (full-time equivalent) jobs
- £170,000 in business rates per annum.

The NCC project would utilise funding not used for the proposed MediPark development, where a decision was taken to not proceed at the planned location in its current format.

**Infinity Park Derby**
Shortly after D2N2’s July 2016 Annual Conference Chief Executive David Ralph was among VIPs to attend the opening of the T12 Link Road (known as Infinity Park Way), to connect the Park site with the A50 road.

Work on Phase Two of the T12 link road is expected to begin in July 2017 and conclude by the end of the year. A strategic case for a new A50 junction is also currently being worked on. Both transport projects link to the commercial and transport development of the wider area, known as the ‘Southern Derby Integrated Transport Scheme’.

This also incorporates the ‘Infinity Garden Village’ project, a joint South Derbyshire District and Derby City councils’ plan to accelerate development of thousands of new homes, create more than four million sq ft of employment space and up to 5,000 new jobs. This project will be funded through the Garden Villages, Towns and Cities Programme, via the Homes and Communities Agency.

The Innovation Hub (iHub), the first building on Infinity Park, has gone from strength to strength. Now at more than 50% occupancy, live enquiries are expected to lead to 90% by the end of 2017.

In March (2017), part of Infinity Park was designated the University of Derby Science Park – a collaboration between the University, Derby City Council, Harpur Crewe Estate, Rolls-Royce and developers Cedar House, Wilson Bowden and Peveril Securities. It aims to grow a cluster of hi-tech and innovative businesses, providing businesses with offices, studios and workshops.

**Markham Vale Enterprise Zone**
With neighbouring LEP Sheffield City Region (SCR), D2N2 invests in north Derbyshire’s Markham Vale Enterprise Zone, which covers 35 acres of Markham Vale industrial park’s 200 acres.

In March (2017) Seymour Link Road, connecting Markham Vale to M1 junction 29a, opened. It had received £2.5m from D2N2, £3.78m from SCR LEP and £1.26m from Derbyshire County Council. Improved access makes the site more attractive, particularly for transport and logistics firms; and is set to lever in an estimated £82m in private sector investment by 2022 by opening up around 148,000 sq m of commercial space, indirectly creating approximately 1,235 new jobs.

Close to 1,000 jobs have been created at Markham Vale EZ since opening. Logistics firm Great Bear, which has a distribution point there, is currently recruiting for 400 vacancies.
Capital projects boost economy thanks to Local Growth Fund

This year’s big infrastructure news was the £62.9m awarded to D2N2 via the Government’s Local Growth Fund (LGF) 3 allocation.

At its 2016 Annual Conference D2N2 had launched an ambitious bid for a slice of LGF 3 funding, with the plan to lever in further private/public sector monies to back over a dozen projects.

A Government announcement on March 9, the day after Budget 2017, saw D2N2 receive £62.9m, a strong showing, reflecting D2N2’s ability to engage with businesses and public sector organisations right across its area, and put forward projects reflecting local economic needs. A full list of projects set to benefit from D2N2’s LGF 3 funding between now and 2021 is on Pages 8-9 of this Annual Review and at web link www.d2n2lep.org/News/629m-for-projects-to-boost-d2n2-area-jobs-and-economic-growth

Those projects included town centre redevelopment (see below), a science and technology centre and renovation of Derby College sites supporting key sector engineering and construction apprenticeships.

To mark the announcement, the then Communities Minister Andrew Percy MP visited potential LGF 3 beneficiaries in the LEP’s area, including the site of a proposed new Sherwood Forest Visitor Centre at Edwinstowe.

‘Upgrading infrastructure’ is one of the ten pillars of the Government’s new Industrial Strategy for the UK, and a key part of D2N2’s strategies to provide the framework to enable economic growth.

Commenting on the LGF 3 announcement, D2N2 Chairman Peter Richardson said it demonstrated Government’s faith in what the LEP had accomplished to date, with its £192m LGF allocation of 2014/15.

Current LGF projects – listed on Pages 8-9 of this Annual Review – include £12m for Derby’s Our City, Our River project, and £6.5m for the recently opened £30m BioCity Nottingham extension (see also Key Sectors, Page 16 of Annual Review). In autumn 2016 both West Nottinghamshire College and the University of Derby opened new educational sites, co-funded with substantial D2N2 LGF investment.

Peter added: “Of the £39m D2N2 invested in 14 LGF projects in 2015/16, 64% of those contracts were delivered by contractor companies based within 20 miles of the LEP’s area.

“This latest Local Growth Fund 3 allocation will boost skills and training, infrastructure, jobs and housing across the D2N2 area’s economy.”

It is estimated that the £62.9m LGF 3 award to D2N2 could deliver up to 7,000 jobs, 700 homes and 2,000 new learners across the D2N2 LEPI area, subject to final confirmation via individual projects’ business plans.

For more on D2N2’s use of its Local Growth Fund allocation see web link www.d2n2lep.org/Growth/Local-Growth-Fund

City and Town Centre Renewal

 Communities Secretary Sajid Javid, speaking at March’s (2017) national Local Enterprise Partnerships’ Annual Conference, told delegates they were uniquely placed to listen to “local needs and local people”, and act decisively.

In D2N2’s drive to ensure the benefits of economic growth are shared by all, it made ‘City and Town Centre Renewal’ a main theme of its LGF 3 bid; continuing LEP investment made under its original LGF allocation.

In January (2017) D2N2 announced it would cover a third of the £300,000 cost of a scheme improving Nottingham’s Bulwell Market. This would widen space there, create extra shopper seating and enable the hosting of fairs and food markets to generate customer footfall. The works, co-funded by Nottingham City Council (£200,000), were completed Easter 2017.

A £1.6m refurbishment of Sutton-in-Ashfield’s Indoor Market, this year was financed by the Centre landlord, Ashfield District Council, and D2N2 (£375,000). An extra 57 new jobs are anticipated from the refurbishment.

Last October (2016) Derby city space The Spot, off St Peter’s Street, was officially re-opened by Derby City Council after £1.26m worth of improvements, co-funded by D2N2.
Support for skills and training

D2N2 skills measures launched in the last year were:

- November 2016 – More than £13m invested in helping people find jobs and supporting employers’ recruitment needs (particularly higher level skills). ESF funding is behind the joint D2N2, Department for Work and Pensions, and Education and Skills Funding Agency programmes; announced in 2016 and now being delivered.

- SKILLS Local – £4.7m programme delivered by Learndirect providing LEP area businesses (particularly SMEs) with a single contact point to aid upskilling and skills development, including providing apprenticeship pathways for the existing workforce and training for employees facing redundancy.

- EMPLOY Local – Derby Business College is delivering a £4m programme supporting 16 to 24-year-olds NEETs (Not in Employment, Education or Training), those unemployed for more than six months and unemployed graduates in developing skills to help them find work. It features a ‘Candidate Bank’, where employers can recruit skilled staff.

- D2N1 Youth Engagement Programme – £2.9m programme by CT Skills Nottingham aiding 16 to 24-year-old NEETs in developing greater employability skills. Employers are supported in providing jobs and training opportunities (including apprenticeships) for young people through tailored help and financial incentives (£1,000 apprenticeship grant for firms who have not recruited an apprentice in three years).

- CAREERS Local – A £1.7m programme delivered by Nottinghamshire County Council developing school and college students’ skills in finding future employment. Institutions can apply for grants of up to £20,000 for activities involving employers in raising student awareness on how to find work, in apprenticeships and of the skills prospective employers’ most value.

- January 2017 – Launch of the £774,000 ESF funding is behind the joint D2N2, Department for Work and Pensions, and Education and Skills Funding Agency programmes; announced in 2016 and now being delivered.

- May 2017 – The D2N2 Employability Framework, the LEP initiative launched in July 2015 to increase young people’s employability skills, goes from strength to strength. It is being rolled out via the D2N2 Enterprise Adviser Network, a project co-funded by the LEP and stakeholders and the Government-backed Careers & Enterprise Company, which sees well-connected business volunteers matched with the LEP area’s schools, specialist schools and colleges.

- By the end of May (2017) 116 educational organisations were engaged with the network, 55% of the 164 fully signed up and 60 organisations had been matched with a business enterprise adviser to receive strategic support on their employability, enterprise and careers activities.

- Consultation with partners is seeing D2N2’s Employability Strategy currently being revised to cover 2017-2020 – to be published shortly – to include research into business skills mismatches, and the composition and dynamics of its area’s labour markets.

- The revised strategy will set out the key priorities for skills and employability, which are to improve information advice and guidance (IAG) and careers and insights, to meet the needs of employers, provide demand-led education and skills provision, and to improve employment and employability.

- Nottingham College chief executive John Van De Laarschot (centre) with staff and students from Central College Nottingham and New College Nottingham on the announcement of their merger.
EU funding backs D2N2 enterprises

Supporting projects which boost local businesses’ (especially SMEs) competitiveness through investment or developing new products and ways of working, growing a low carbon economy, tackling social exclusion and creating jobs are some of the ways D2N2 uses its 250 million euros in funding from the European Union.

European Structural and Investment Funds (ESIF) include EU funding streams the European Regional Development Fund (ERDF), European Social Fund (ESF) and the European Agricultural Fund for Rural Development (EAFRD).

D2N2 invites organisations to apply for ESIF funds, to deliver projects supporting businesses. Applicants must show they have match funding and how they will meet delivery targets.

Recent ESIF activities by the LEP include:

Helping SMEs with digital technology
In January (2017) the £7.2m Digital Business Growth Programme was launched. Introductory workshops held across the D2N2 area explained how it would aim to help around 850 SMEs, over three years, to make better use of digital connectivity to grow their businesses. D2N2 is providing half the funding for the programme, which includes:

● grants to support businesses in exploiting their existing technology solutions to improve productivity;
● free workshops and seminars to show how new technologies are transforming business through big data, digital marketing, e-commerce and cyber security;
● Digital Conference events, to be held in November 2017 and April 2019, for 300 to 500 delegates, to include Q&A panels and demonstrations for visitors to try out technology and talk to experts;
● a one-to-one digital skills and advice service for companies wanting to initiate plans, to include giving them onsite expert support, to help at least 350 businesses.

Part of the funding or backing the project include Nottinghamshire County, Nottingham City, Derbyshire County, Derby City and Rushcliffe Borough councils, Nottingham’s Creative Quarter Company, City and Rushcliffe Borough councils, Nottingham City, Derbyshire County, Derby City and Rushcliffe Borough councils, Nottingham’s Creative Quarter Company, and East Midlands Chamber. Some partners are also delivering the programme.

Tackling unemployment and social exclusion
Third-sector partners – under the collective title of The People First consortium – successfully bid to deliver a £15.1m Building Better Opportunities (BBO) programme to tackle long-term unemployment and financial and social exclusion, funded by D2N2’s European Social Fund allocation and the Big Lottery Fund.

It is estimated the three funded projects, now running could help 5,650 participants in the D2N2 area over three years (to December 2019). The aim is for half of these to be women, and high proportions aged over 50 and people with disabilities. The projects are:

● Money Sorted in D2N2 – A £3m project combating financial exclusion, helping unemployed people in financial difficulties, by advising them on how to more effectively deal with money issues and ensure they access the financial help and benefits they are entitled to. Run by Advice Nottingham, a consortium of Nottingham-based advice agencies giving free advice on benefits, debt, employment, housing and other issues. Website: http://moneysortedind2n2.org/
● Towards Work – A £7.4m project primarily supporting people aged 40-plus, 18 to 24-year-olds, and women returning to work or who have never worked back into employment and economic activity. Participants include people from black, Asian and ethnic minority communities, those with mental health challenges, people with disabilities, homeless people and those with substance misuse issues. It helps people tackle potential work barriers such as a lack of transport, having a disability, living in an isolated area, or having few or outdated skills. Towards Work is managed by Groundwork Greater Nottingham, leading 23 organisations across the D2N2 LEP area. Website: www.groundwork.org.uk/sites/nottingham/pages/towards-work-building-better-opportunities
● Opportunity and Change: A pathway to work – A £4.6m project to help people with multiple and complex needs get into work, training, further education or volunteering. Led by Nottingham-based charity Framework; which works with homeless, vulnerable and excluded people. Website: www.opportunityandchange.org

Developing Rural Businesses
Through its £5.3m European Agricultural Fund for Rural Development (EAFRD) allocation D2N2 provides direct grant support to businesses in eligible rural areas to grow through non-farming activities. D2N2 has held a range of workshops, seminars and information events over the past year; to raise businesses’ awareness of new funding and help them apply for it. Events included two free 2017 ‘Rural Means Business Conferences’ – in February, at Nottingham Trent University’s Brackenhurst Campus, and in July, at Belper Town Football Club, Derbyshire. Information was available on D2N2’s EAFRD allocation and on separate LEADER funds in its area.
Supporting our Key Sectors

D2N2 has eight key sectors – prioritised for support in its Strategic Economic Plan, as those where it has or could develop competitive advantage – mirroring the new Government Industrial Strategy’s inclusion of ‘cultivating world leading sectors’ among its ten pillars.

Recent D2N2 sector successes include:
- **Food and drink manufacturing** – Engaging with and meeting SMEs’ needs is key to D2N2’s impact. In autumn 2017, the LEP and the Nottingham-based Food and Drink Forum launched the £3.5m FEAST (Food Enterprise Advisory Support Team) project. It is helping food and drink manufacturers hungry to expand to create jobs, develop products and attract investors.
- **Life sciences** – Public and private sector collaboration and investment by Nottingham City Council, D2N2 and BioCity Nottingham led to the opening of the £30m ‘BioCity Discovery’ building in April (2017). It brings an extra 50,000 square feet of space for life sciences SMEs.
- **Visitor economy** – Marketing Peak District & Derbyshire secured £1.4m for a project offering sector SMEs business support and help to grow existing markets and develop new ones. The impact of The Grand Tour – an initiative by LEP area cultural venues, local authorities and businesses to boost visitor numbers, co-funded by D2N2 – was highlighted by research (April 2017) showing GT’s 2015 and 2016 seasons generated an estimated £32m for the economy.
- **Creative and digital industries** – Designers, ‘big data’ firms and website gurus’ businesses can get help to expand via the £4.9m Big House programme. Assisted by £2.4m from D2N2’s £50m euros in ESIF funding (see Page 14) the programme by Nottingham City Council, Creative Quarter company, New Art Exchange, Broadway Cinema, Derby QUAD, Derby Theatre, and Nottingham Trent and Derby universities aims to help 500 CDI businesses over three years.
- **Low carbon technologies** – In supporting the UK Industrial Strategy aim to ‘Deliver affordable energy and clean growth’, D2N2 is backing projects which shift towards a low carbon economy. From December (2016) this included an £8.5m LEP fund; promoting energy renewables, and energy efficiencies, and smart use across private and public sectors. Funding available until October 2017.
- **Transport and logistics** – Half that cost funded via D2N2’s £7.4m Local Growth Fund (LGF) allocation – is delivered by Derby and Loughborough universities, who co-fund the programme. EU funding of £636,000 has also gone to Derby University’s £30m ‘BioCity City Council, D2N2 and BioCity Nottingham led to the opening of the £30m ‘BioCity Discovery building in April (2017). It brings an extra 50,000 square feet of space for life sciences SMEs.
- **Construction** – D2N2-backed infrastructure projects (see Page 12) create work for the construction sector; for example, the LEP’s £4m loan to Derby City Council to aid regeneration of its central Becketwell site. In 2015/16, 14 LEP area projects received £39m in Local Growth Fund monies – with 64% of related contracts going to companies within 20 miles of the D2N2 area.

£1.4m to boost space for life sciences

The then Business Minister and East Midlands’ economic growth ‘champion’, Nick Hurd MP, saw first-hand D2N2’s ability to draw partners together on key sectors, when he visited life sciences cluster MediCity in November (2016).

Based on the Boots site, MediCity was the first business initiative to open on the Nottingham Enterprise Zone site, in 2013. It offers office and lab space for consumer healthcare, medical technology, diagnostics and beauty products businesses.

On his visit Mr Hurd met Boots, D2N2 and MediCity executives, and other business people, to talk about expansion plans.

Boots, MediCity and D2N2 invested £1.4m into refurbishing MediCity site areas to create an additional 29,800 sq ft of space for new life sciences companies.

David Ralph, Chief Executive of D2N2, said: “With the current MediCity building at more than 90% occupancy, space for new companies or for existing ones to expand is urgently needed.

“Together, we and our partners have acted to meet that need.”

Commenting at the time, David Browning, MediCity director, said: “This funding will enable us to provide facilities to support the establishment and growth of additional ventures, developing high-impact innovation across healthcare.”

Further information on MediCity at www.biocity.co.uk/medicity/nottingham
More on the Boots Enterprise Zone site at link www.boots-uk.com/about-boots-uk/company-information/boots-in-nottingham/nottingham-enterprise-zone
Midlands Engine drives economy

The idea of the Midlands Engine was launched in the D2N2 area in a speech by former Chancellor George Osborne in Derby, in June 2015, and the LEP has continued to play a key role in its development. As one of ten Midlands LEPs, D2N2 was represented by Chief Executive David Ralph at the launch of the Midlands Engine Prospectus in December 2015 at the University of Birmingham by then Business Secretary Sajid Javid. Its ambitious plan was for a partnership of LEPs, businesses, local authorities, education providers and community organisations to create 300,000 jobs and add £34bn to the economy by 2030.

Senior businessman Sir John Peace – Chairman of both the Midlands Engine and its twin venture, the Midlands Connect transport initiative – was keynote speaker at the 2016 D2N2 Annual Conference and AGM, where he stressed the importance of creating a narrative and image the region could ‘pitch’ globally, to attract investment.

Two years after Mr Osborne’s speech, how is the Midlands Engine responding to business needs and the challenge of the Government’s new Industrial Strategy? Its Board is shortly due to respond to the Government’s Midlands Engine Strategy and Midlands Connect Strategy consultations. Both were launched the day after Budget 2017 (March 9) by Chancellor Philip Hammond, in the West Midlands.

Highlights of the Government Midlands Engine Strategy included:

- £392m for the region’s infrastructure through Local Growth Fund allocations to Midlands’ LEPs, including £62.9m to D2N2 (more on LGF on Pages 8-9 and 12 of this Annual Review);
- £20m for a Midlands Skills Challenge, to improve employment prospects for people in the region;
- £4m more for the Midlands Engine Partnership, a voluntary, regional partnership supporting regional growth;
- commitment of £17m for Midlands Connect cross-region transport initiatives.

Under its five main themes of Midlands Connect, Innovation, Skills, Finance for Business and Promotion the Midlands Engine has also this year:

- Driven forward the £250m Midlands Engine Investment Fund – due to officially launch in 2017 – to boost the regional economy, by supporting growth ambitions of the region’s 460,000 smaller businesses. The fund is a joint agreement between the British Business Bank and the Midlands’ ten LEPs, the latter providing partial funding through their EU funding (£11.7m from D2N2).
- Responded to Government consultation on its Industrial Strategy; saying “…the Midlands Engine commits to build on our regional economic strengths, exploit local opportunities to drive growth and productivity, and overcome any barriers to our achieving this.” Its response also suggested an ‘eleventh pillar’ to add to the Government’s ten, of ‘Enhancing Quality of Life’.
- Hosted the Midlands Pavilion at the MIPIM 2017 global property investment event, in Cannes, which received almost 3,000 delegates. Over 40 joint Midlands programme events were held at MIPIM; including the launch of the ‘Midlands Pitchbook’, a portfolio of 19 regional property investment opportunities worth £8bn.
- With the Government it held trade missions to New Delhi for the automotive sector (March 2017), and in 2016 to Dubai for construction firms and to China (October 2016) for a range of sectors.
- Also with the Government, held an inaugural Midlands Engine Trade Summit, in Birmingham, in March (2017), for businesses looking to export. More than 500 delegates attended.

The event named 28 ‘Midlands Engine Export Champions’, high-profile business leaders able to offer expertise and advice inspiring companies to export.

D2N2 LEP area Champions included –

From Derbyshire: Liz Fothergill, chair of Pennine Healthcare; Kevin Oakes, chair of Royal Crown Derby; George Paul, executive director at Bradbury & Son; Jane Shepherd, managing director of Shepherd PR.

From Nottinghamshire: Malcom Hall, MD of Hall-Fast Industrial Supplies; Susan Hallam, MD at Hallam Internet; Karen Prior, group finance director at Anpario plc; Anil Puri, chairman of Purico Group; Graham Tyers, MD at Newson Gale Ltd.

- Held a Midlands Engine Breakfast at Nottingham in Parliament Day – the city’s takeover of Parliament (on October 25, 2016), holding events to raise awareness of Nottingham as an investment opportunity, where leading businesspeople discussed its role in shaping the regional agenda, in the context of the Government Industrial Strategy.

Sir John Peace, Midlands Engine chairman (pictured top), said: “I believe we are now ready to very clearly and very loudly speak with one united voice on the world’s stage.

“The Midlands is the beating heart of UK manufacturing, we are the beating heart of the country and the home to global iconic businesses; we are a magnet for investment and we can deliver results which can drive forward the UK economy.”

For further information on the Midlands Engine see its website at www.midlandsengine.org
Getting on track with HS2

It is arguably Europe’s largest infrastructure project and the UK’s most significant rail scheme in living memory – and the D2N2 LEP area is set to play a major part.

Royal Assent for the Parliamentary Bill behind Phase One of the HS2 high speed rail line – London to the West Midlands – was given in February (2017). Preparation work is under way and major construction work begins in 2018.

In June 2017 The Queen’s Speech committed Government to a further Parliamentary Bill for route HS2: Phase 2a; providing the powers to build and operate the next stage of the HS2 network, a ‘western leg’ from the end of the Phase One route at Birmingham, north-west towards Crewe.

Government has already announced its preferred route for a proposed, additional ‘eastern leg’ (or route Phase 2b) – running north-east from the West Midlands towards Leeds – which would pass through the D2N2 LEP area. This includes plans for an East Midlands ‘hub’ station at Toton, Nottinghamshire, and another station and HS2 maintenance depot at Staveley, north Derbyshire.

On the current timetable, HS2 trains would not be operating through the LEP’s area until 2033 but – given line Phase 2b would be a catalyst for business, commercial, housing and other transport development along its length – preparation work is underway now to ensure the region’s economy will be ready to reap maximum benefit from it.

HS2 Ltd, the agency behind the HS2 network, held public consultation events in early 2017, to give people along the proposed Phase Two route more details about it.

In summer 2017 the East Midlands HS2 Strategic Board – a partnership of more than 30 of the region’s local authorities, businesses and LEPs (including D2N2) – intends to publish the final version of its HS2 East Midlands Growth Strategy Report (an initial study was published autumn 2016). To be submitted to Government, the final report (developed by D2N2 with the aid of a £1.25million Department for Transport grant) will show how, with appropriate preparatory investment, the rail line could deliver benefits including:

- creating 74,000 (direct and indirect) jobs;
- adding £4 billion GVA (gross value added, the measure of the value of goods and services an area produces) to the East Midlands’ economy by 2042;
- providing vital and quicker business and cultural connections between the region’s cities and the rest of the UK.

Peter Richardson, Chairman of the D2N2 Local Enterprise Partnership and a member of the East Midlands HS2 Strategic Board, said: “It is vital that there is wide consultation on the HS2 route with businesses, local authorities and communities in the region to develop a more comprehensive strategy; ensuring everyone in the area benefits from this once in a generation development opportunity.”

Future HS2 preparations in the D2N2 LEP area in the coming year will include:

- further development of plans for the East Midlands Hub Station at the Toton Sidings site;
- development of a masterplan for the new Staveley depot and station, north Derbyshire (by a partnership including Derbyshire County Council and Chesterfield Borough Council);
- skills strategy work, with the region’s skills and training providers looking at how HS2 Phase 2b could bring skills development and job opportunities to the area, as well as supporting local supply chains;
- public transport strategy, seeing how other modes of transport (road, tram, rail, cycling) could be best linked to the HS2 route, to create a more integrated transport network for business and leisure use.

To read the initial HS2 East Midlands Growth Strategy Report online see link www.emcouncils.gov.uk/write/East_Midlands_HS2_for_Website_single_pages.pdf

For more on the work of the East Midlands HS2 Strategic Board see website www.emcouncils.gov.uk/HS2-Strategic-Board

Further information on HS2 as a whole can be found at Government website www.gov.uk/government/organisations/high-speed-two-limited
Brexit means... opportunity?

As this Annual Review is published the UK has under two years until it officially exits the European Union – March 29, 2019 – to agree departure and trade deals terms with the EU. With a nine-month gap between the EU Referendum (June 23, 2016) and UK triggering of Article 50 of the Lisbon Treaty, some business leaders are keen to see current Brexit negotiations concluded quickly and successfully.

Like all LEPs D2N2 is not political but does lobby politicians key to furthering economic ambitions for Derby, Derbyshire, Nottingham and Nottinghamshire.

Key Brexit questions D2N2 needs answering are:

- **Replacing EU funding:** D2N2 receives substantial EU funding; with a European Structural and Investment Funds allocation for 2014-20 of 250million euros. This develops the area's economy through co-funding business innovation, SME competitiveness, low carbon economy, skills and training, employment, key sector and social exclusion projects.

- **Face of negotiations:** After a Referendum, a change of Prime Minister and a General Election over 12 months, businesses want stability, including early indications from current negotiations on the ‘shape’ of Brexit.

As partnerships led by and talking to business, LEPs are warning that Brexit uncertainty is hampering firms’ willingness to invest money and time in expansion or new projects, before the way forward is clearer. This can only have a negative effect on traditionally strong Midlands’ economic growth.

- **Consultation:** Government will negotiate new EU trade deals on behalf of UK plc but will look to its strongest regions to deliver economic growth in the new environment. As home to more than ten million people, the UK’s second largest city (Birmingham) and an economy worth over £200bn per year, the Midlands will be a key player in meeting expectations.

D2N2 and Midlands LEPs are lobbying Government to ensure regional businesses’ voices – from global brands (Rolls-Royce, Bombardier, Toyota, Jaguar, Boots, JCB) to SMEs – are heard on trade, customs and tax, regulation, labour movement and funding.

D2N2 works with partners, including East Midlands Chamber (EMC) and major employers, to highlight these areas when speaking to senior politicians.

In October 2016 D2N2 Chief Executive David Ralph, EMC senior officers and law firm Geldard LLP’s executives met Lord George Bridges, then Parliamentary Under-Secretary of State in the Department for Exiting the European Union, at Geldard’s Nottingham HQ.

For current Government information on Brexit see web link www.gov.uk/government/organisations/department-for-exiting-the-european-union

New Strategic Economic Plan review

D2N2’s Strategic Economic Plan (SEP) identifies its area’s economic strengths, priority sectors and way forward – but it is time for a review.

Since the SEP’s 2013 publication (pictured) there have been two General Elections, a change in Prime Minister and the EU Referendum (more on ‘Brexit’ in this Annual Review, in above article); changes which affect ‘UK plc’ and this region’s businesses. So, D2N2 has begun reviewing its SEP to address how the LEP can better deliver on issues such as productivity, economic growth, growing public sector jobs, emerging key sectors, businesses’ changing needs and social challenges, and support ambitions in the Government’s Industrial Strategy.

The SEP review will be led by D2N2 Chairman Peter Richardson and CEO David Ralph, with senior officers. The review will follow extensive consultations with leading firms, SMEs, local authorities, educators, and the community and voluntary services across Derby, Derbyshire, Nottingham and Nottinghamshire.

The current timetable for the SEP review is:

- **In autumn, 2017 –** Research and analyse opportunities and the issues LEP area businesses face, and identify initial priorities.

- **October to November –** Consult businesses, local authorities and LEP partners on preliminary findings via D2N2 networks and events; including D2N2 Business Breakfasts.

- **Early 2018 –** Approval of new SEP by D2N2 board and publication, as long term plan for economic development, for 2018 to 2030.

For the review, D2N2 will use information from its own annual State of the Economy report and other research publications, and also data from partners who know the area, including:

- **local authorities –** for example the recently launched Derby & Nottingham Metropolitan Strategy 2030 (at web link www.nottinghamcity.gov.uk/media/456574/metro-strategy-document.pdf);

- **skills and training providers –** data providers supplied to inform the upcoming revision of D2N2’s Skills for Growth Strategy;

- **universities and ‘think tanks’ –** work is ongoing with the University of Nottingham and Confederation of British Industry (CBI) on the East Midlands ‘productivity gap’; and with Nottingham Trent University and the Royal Society of Arts on ‘inclusive growth’.

D2N2 also will build on studies for the wider Midlands Engine and Midlands Connect initiatives, and UK economic data. Areas of interest will be infrastructure, housing and regeneration, low carbon economy (including air quality) and innovation.

David Ralph, D2N2 LEP Chief Executive, said: “The D2N2 LEP area has many economic advantages but must adapt to changes and address issues including productivity, for sustainable economic growth. We’ll consult extensively with businesses and partners this year, creating a new Strategic Economic Plan to take our economy forwards.”

An online copy of the current D2N2 Strategic Economic Plan is at web link www.d2n2lep.org/write/Documents/D2N2_SEP_March_31st.pdf

Information on public consultations around drafting the new SEP will be made available on D2N2’s website. This will include D2N2’s annual Business Breakfasts series (October-November 2017), dates and venues for which will be announced shortly on D2N2’s website at www.d2n2lep.org/Events
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