



# **D2N2 Growth Plan**

## **2013 to 2016**

**CONSULTATION DRAFT**

## **FOREWORD from Peter Richardson**


The D2N2 local enterprise partnership covers Derby, Derbyshire, Nottingham and Nottinghamshire. Together we are a major economic area in the heart of the UK, with a population of more than 2 million and an annual economic output estimated at over £36 billion. We are a business-led partnership and our focus is on taking action. By working together to pursue a relentless focus on growth, we can do more together than we can do apart.

Our economy is diverse. We are strong in manufacturing and we export. Although we face challenges, our area has massive potential, not just because of our central location but also through the skills of our workforce, our world class companies and thriving smaller firms and our dynamic further and higher education sector.

This Consultation Draft growth plan sets the scale of our ambition and the programmes and opportunities for action to achieve our goals. We have identified our priorities and areas of focus that will drive our economic recovery and achieve 'rebalancing' in our economy. The final Growth Plan will be as brief and simple as possible. We will retain our focus on our strategic goals but we anticipate that we will need to be nimble and shift focus in the light of new economic challenges and opportunities.

In compiling this Consultation Draft Growth Plan, we have followed our underlying values of being evidence-based, with actions based on understanding; strong market intelligence, of adding value by being strategic; not duplicating; working in partnership; and being innovative and finally by being action orientated, by doing what we say we will do.

We want your views and feedback on this Plan. You can talk to us directly by attending one of our Business Breakfasts in March 2013 or let us have your views on the four questions asked in this document by emailing [info@d2n2lep.org.uk](mailto:info@d2n2lep.org.uk).

A handwritten signature in black ink, appearing to read 'Peter Richardson', with a large, stylized flourish above the name.

**Peter Richardson, Chair, D2N2**

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## THE D2N2 LOCAL ENTERPRISE PARTNERSHIP

D2N2 is the Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire. There are 39 LEPs in England and D2N2 is the fifth largest, covering an area with a population of more than 2m people and economic output of more than £36bn.

We are a business led partnership set up to drive local economic growth and job creation in our area. D2N2 is led by and governed by its Board, which is Chaired by Peter Richardson and made up of high profile and respected leaders from business, local Government and Higher Education from across Derby, Derbyshire, Nottingham and Nottinghamshire.

## THE GROWTH PLAN

This is our Consultation Draft Growth Plan for 2013-16. It summarises the condition of our economy, the challenges that we face and sets out our purpose, strategy, targets and areas in which we will focus our activities and resources. It summarises the opportunities for D2N2 to lead concerted action to support growth,

The final Growth plan will provide the strategic framework for developing actions, taking spending decisions, answers to its partners on progress and developing other strategies and action plans within the remit (and potential future remit) of the LEP such as the EU investment strategy and Skills Strategy.

The current draft is not, however, a comprehensive list of all activities that the LEP will undertake over the next three years, with lead accountabilities and targets. Although the Growth Plan includes actions that we know we will take, or programmes that will continue, other actions will be developed within our priorities and areas of focus as resources and opportunities are made available. To implement this Growth Plan, D2N2 will develop a rolling Business Plan to include specific actions, lead roles, resources and timescales.

We want your views on this plan, particularly on the four questions asked. You can leave your feedback by following [this link](#).

We will keep this plan under review and will update and refine our programmes of action as resources and opportunities are identified to support growth and in response to your comments on this draft.

## THE D2N2 ECONOMY

D2N2 is the heartbeat of the East Midlands economy with over 45% of the region's GDP and number of firms. We have strengths in manufacturing, with the percentage of jobs and economic output from manufacturing being higher in D2N2 than for the East Midlands as a whole or for the UK. With our long-standing strength in exporting, we are an economy offers the potential to drive economic rebalancing and recovery. This document sets out our plans for growth, but this will be influenced not only by the actions we take or inspire, it will be influenced by national and international economic conditions, the underlying strength of our economy and the path we have followed to date.

### The National and International Economy in 2012/13

The last year has been difficult for the UK. A combination of weak conditions in the global economy, and in the eurozone in particular, and weak domestic expenditure mean that the UK economy has been flat.

The global economy has weakened during 2012. In its recent Economic Outlook, the OECD suggests that growth has fallen in the major emerging countries of Brazil, India and China in 2012. Growth has increased slightly in the United States while the EU has contracted. The OECD expects the EU to continue to act as a drag on global growth in 2013<sup>1</sup>. Within the EU the slowdown in growth in the peripheral economies has started to spread to the core, with sharp declines in growth expected in the major eurozone economies of Germany and France this year. The crisis in the eurozone has yet to be fully resolved and this remains the key risk to the global economy. However there are concerns that a lack of consensus over fiscal consolidation in the USA could also have a major impact on the prospects for the global economy in 2013.

The UK entered recession in the final quarter of 2011, and growth contracted until the third quarter of 2012. Changes in GDP on a quarter-by-quarter basis have been particularly hard to interpret in 2012 as a result of a number of one-off events such as the Olympic Games and the Diamond Jubilee. However, in the third quarter of 2012 GDP was unchanged from a year earlier<sup>2</sup>. Growth in service sector activity has been offset by declines in production and construction. Despite positives in the labour market, including the national employment level returning to its pre-crisis peak, and a decline in inflation during the year, earnings growth remain weak, dampening consumer expenditure.

Trends in the global and national economies have an impact on the D2N2 economy.. Data from the Derbyshire and Nottinghamshire Chamber of Commerce Quarterly Economic Review for the third quarter of 2012 show that:

- UK sales were lower while export sales were unchanged;
- Manufacturers were more negative than service sector businesses on UK sales and exports;

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<sup>1</sup> *Economic Outlook No 92*, OECD, November 2012.

<sup>2</sup> *Second Estimate of GDP, Q3 2012*, Office for National Statistics, November 2012.

- Business investment plans in training and plant/machinery were slightly higher than in the previous quarter; and
- There were some positives relating to the number of businesses seeking to recruit, with expectations for next quarter slightly less positive.

## **The D2N2 Labour Market**

The labour market in the D2N2 area has remained weak with little of the improvement that has been experienced nationally occurring locally.

Between 2008 and 2010, employment in the D2N2 area fell in line with the national and regional averages, due to the impacts of the recession on the sub-regional labour market.

However, whilst employment stabilised in the East Midlands and in Great Britain from 2010, it continued to fall in the D2N2 area. Conversely, unemployment continued to increase. The latest unemployment rate for the D2N2 area is 9%, almost 1 percentage point higher than the regional and national averages.

Within the D2N2 area, employment has only fallen slightly in Derby between 2007 and 2012, whilst it has fallen most significantly in Nottingham. Falls in employment have been spread across a number of industry sectors in Nottingham. Employment in construction and manufacturing fell across the D2N2 area between 2007 and 2012.

Part-time working has increased significantly, suggesting possible increases in 'under-employment', where individuals have lost full-time jobs and have only been able to find substitute employment part-time (or have reduced their hours from full- to part-time whilst remaining with the same employer).

There has been a significant fall in female employment and increase in female unemployment in D2N2 between 2010 and 2012, whilst male employment has recovered slightly. Youth unemployment in the D2N2 area has increased more significantly than elsewhere. The latest rate of unemployment for 16-24 year olds in D2N2 exceeds the regional and national averages, at 22.6% compared to 20.5% and 21.3%.

## **The Condition of the D2N2 Economy**

The D2N2 area is the heartbeat of the East Midlands economy with around 45% of total GVA and business stock. Nottingham and Derby generate the largest shares of GVA in the D2N2 area, but incomes tend to be highest in the surrounding districts. Higher earners often live outside city boundaries but commute in to work.

### *Enterprise and Productivity*

Entrepreneurial activity in the D2N2 area overall appears to be relatively low - business birth and death rates are below the national average so that there are low levels of churn. Birth rates are just above the national average in Derby, but lower than average in Nottingham and the Counties.

There is a greater representation of manufacturing in Derby and Derbyshire whilst Nottingham has a stronger representation in business services and finance. The productivity of the transport

equipment manufacturing sector in and around Derby, where a number of globally important firms in this sector are located, considerably exceeds the national average.

Nottingham's economy is currently valued at £12.1bn and will over £1bn of investment in a range of significant infrastructure developments in the next three years are intended to expand it further. Over 50 regional and national headquarters are already based within the city including, Alliance Boots, Speedo, Experian, Capital One and E-ON. The city's Gross Disposable Income (GDI) per head is 70% of the national average, whereas the city's GVA per head at £25,300 is the highest of any of England's core cities alongside Bristol. This is because GVA is calculated based upon where people work, whereas GDI is calculated based upon where people live. However, the productivity of business services and finance in Nottingham is estimated to be below average. The lower workforce skills profile in Nottingham may be a contributory factor.

### *Skills*

There are very different skills profiles across the D2N2 area, and Derby/Derbyshire and Nottingham have particular contrasts. Across Derby and Derbyshire, there is evidence of a strong demand for 'technician level skills' (e.g. Level 3 and above, including Apprenticeships). As a result of high skill job opportunities, Derby has one of the highest work-place based earnings of any area in the UK outside London. The relative importance of the construction sector in Nottinghamshire is also associated with a demand for intermediate technician skills. However, the current environment is challenging for people seeking employment. Young people particularly need to make good decisions to compete in this environment.

In Nottingham City there is a strong demand for high level skills in its three growth sectors of Lifesciences, Digital Content and Cleantech as well as for lower skilled jobs (e.g. Level 2), in retail and health for example. However there are relatively high proportions of residents with very low levels of qualifications and employers in Nottingham City are more likely to report skill deficiencies amongst existing staff than anywhere else in the D2N2 area suggesting skills for employability is a particular challenge for Nottingham City. Given that Nottingham is one of the youngest cities in the UK, the ability for the city to grow its economy in the future will be increasingly tied to its ability to find sustainable routes into employment or self-employment for this group of residents.

In Nottinghamshire, the public services are an important source of skilled employment, across the health, education and public administration sectors, meaning that Nottinghamshire may be relatively exposed to the impact of public sector spending cuts.

There are significant differences in the employment outcomes of young people depending on the subject they study in Further and Higher Education, with more vocationally relevant courses most likely to result in higher paid employment. There is also evidence that employers find that a large proportion of young school and FE leavers are not well prepared for work. This suggests the need to improve advice, guidance and relationships with employers at schools and colleges, in order to ensure that young people are better informed when choosing courses and have a greater opportunity to develop work-relevant skills.

### *Characteristics and Challenges by area*

There are challenges facing the whole D2N2 area such as;

- Persistent weakness in the global economy and domestic expenditure
- Continuing high levels of youth unemployment

However it is also clear from the summary of skills and labour market trends that, within this overall context, the specific challenges and economic characteristics of the D2N2 area vary by place. The economic character of the D2N2 area can be considered in terms of four different areas:

- A relatively high skill and high pay employment profile in **Derby City, South Derbyshire and along the M1 corridor**, related to the presence of highly competitive advanced manufacturing firms. Although there are good employment opportunities for skilled individuals within these areas, there is also evidence of significant commuting of workers in professional and managerial occupations to other areas, such as Nottingham and the West Midlands;
- A lower skill employment profile across **north Nottinghamshire and north east Derbyshire**, which can reasonably be described as being in a 'low pay, low skill equilibrium.'<sup>3</sup> This describes a situation where there is a higher proportion of businesses whose products or services require low levels of skills input, leading to a relative over-reliance on low-paid, low-skilled work. This results in lower than average productivity of firms and organisations, lower than average earnings and a reliance on casual labour, leading to significant incidence of in-work poverty.<sup>4</sup> This can lead to vulnerability to economic shocks, as has been evident in the impacts of the recession on the labour markets of these areas;
- The labour market **in and around Nottingham City, covering south and east Nottinghamshire** (including the districts of Broxtowe, Gedling, Newark and Sherwood and Rushcliffe, and into Derbyshire, especially the district of Erewash), is dominated by the effects of Nottingham as an employment destination for commuters and a centre of business activity and services. The public sector (health, education and public administration) is an important employer, leading to potential vulnerability to public spending cuts. Retail is also an important employment sector, and an important element in Nottingham City's tourism offer, providing an additional concern in the light of squeezed consumer spending. This area demonstrates a significant difference in the characteristics of individuals who live in the neighbouring districts, with higher wages and skill levels – many of whom are likely to commute to work in the city and residents of Nottingham City itself, who are much more likely to be in low skilled work and have relatively low wage levels. Nottingham also demonstrates consistently high rates of unemployment; and
- Finally, the **Peak District National Park Area/north west Derbyshire**, is predominantly rural with a number of important market towns acting as employment and service centres in their own rights. There are important commuting links, especially for individuals in managerial and professional jobs, to Manchester, the West Midlands and Sheffield City Region (as well as to Derby and Nottingham), leading to a relatively highly skilled employment profile. However, evidence suggests that jobs held by those who live and work in the area are more likely to be low skilled/paid, with sectors associated with tourism (e.g. hotels and restaurants) providing significant employment.

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<sup>3</sup> For more information, see: Rob Wilson and Terrence Hogarth (eds.), Warwick Institute for Employment Research (IER), on behalf of the DTI Skills Research Programme, '*Tackling the Low Skills Equilibrium: A Review of Issues and Some New Evidence*', November 2003.

<sup>4</sup> For more information on the relatively high, and growing incidence of 'in-work poverty', see: Michael Orton et al, Warwick Institute for Employment Research (IER), on behalf of *emda*, '*In-Work Poverty in the East Midlands*', 2010.



## Key Statistics

Area	Indicator	Source	
<b>Total Resident Population (and % in working age group, 16-64), 2011</b>			
Nottingham City	303,900 (70%)	ONS Crown Copyright, Mid-Year Population Estimates, 2011.	
Derby City	248,900 (64.4%)		
Derbyshire County	770,700 (63.6%)		
Nottinghamshire County	786,800 (63.7%)		
D2N2	2,110,300 (64.6%)		
Great Britain	61,425,700 (64.7%)		
<b>Employment Rate (% resident population aged 16-64), and Unemployment Rate (% economically active population aged 16-64), 2012</b>			
Nottingham City	60%	13.1%*	ONS Crown Copyright, Annual Population Survey, July 2011-June 2012 *Note 'economically active' population excludes full-time students, increasing unemployment rate in case of Nottingham.
Derby City	69.8%	10%	
Derbyshire County	72.2%	8.5%	
Nottinghamshire County	71.1%	7.5%	
D2N2	69.5%	9%	
Great Britain	70.3%	8.1%	
<b>Business Birth Rate, 2010</b>			
Nottingham City	9.9	ONS Crown Copyright, Business Demography 2010.	
Derby City	10.3		
Derbyshire County	8.6		
Nottinghamshire County	9.3		
UK	10.2		
<b>Gross Value Added per head (UK=100), 2009</b>			
Nottingham NUTS3	126.4	ONS Crown Copyright, Regional, Sub-Regional and Local Gross Value Added, December 2011.	
Derby NUTS3	112.1		
East Derbyshire NUTS3	68.2		
South and West Derbyshire NUTS3	73.1		
North Nottinghamshire NUTS3	79.6		
South Nottinghamshire NUTS3	69.1		
Derbyshire and Nottinghamshire NUTS2	85.5		
UK	100		
<b>Employment in Manufacturing (% Full Time Equivalent employees), 2010</b>			
Nottingham City	6.2%	Experian, Regional Planning Service Summer 2011.	
Derby City	16.6%		
Derbyshire County	19.3%		
Nottinghamshire County	14.2%		
D2N2	16.7%		
UK	10.5%		
Area	Indicator	Source	
<b>Workforce qualified to Level 4+ (% residents in employment), 2011</b>			
Nottingham City	37.5%	ONS Crown Copyright, Annual Population Survey, January 2011-December 2011.	
Derby City	33.8%		
Derbyshire County	33.8%		
Nottinghamshire County	36.9%		
D2N2	35.5%		
Great Britain	38.6%		
<b>Workforce qualified to below Level 2 (% residents in employment), 2011</b>			
Nottingham City	27%	ONS Crown Copyright, Annual Population Survey, January 2011-December 2011.	
Derby City	31.8%		
Derbyshire County	23.3%		
Nottinghamshire County	23.7%		
D2N2	24.9%		
Great Britain	24.3%		
<b>Earnings (Workplace Based median), 2011</b>			
Nottingham City	£455.90	ONS Crown Copyright, Annual Survey of Hours and Earnings, median gross weekly pay (Full Time Workers), 2011.	
Derby City	£620.20		
Derbyshire County	£454.70		
Nottinghamshire County	£440.40		
UK	£500.70		

## OUR VISION & STRATEGIC FRAMEWORK

Our vision and strategic framework set the context for all our activities. They are built on extensive analysis of the condition, structure and potential of the local economy. D2N2 research reports can be downloaded from <http://www.d2n2lep.org/Strategy/Research>.

Our **Vision** is to make the D2N2 region one of the strongest and most prosperous economic regions in the UK.

Our **Purpose** is to support and encourage economic growth within the D2N2 region.

Our **Ambition** is to be one of the most respected LEP's, known for our professionalism and effectiveness.

### Strategic Framework

To guide our work towards achieving our vision we have set four strategic priorities for supporting enterprises. Our research suggests that these priorities are relevant to all businesses in the D2N2 area and have particular significance to the high growth businesses that are responsible for the bulk of private sector job creation. They are;

- Business skills
- Innovation
- Finance
- Infrastructure

We have also determined six 'areas of focus', which are sectors in which the D2N2 area is already strong or has the capacity to grow. They are;

- Advanced Manufacturing and Transport Engineering
- Medical and Bio-Science
- Food and Drink Manufacturing
- Construction
- Visitor Economy
- Low Carbon Goods & Services

Details of current and proposed activities under the strategic priorities and areas of focus are detailed later in the Plan.

### Question 1

#### Have we got the right strategic priorities?

Your comments;

You can respond online following [this link](#).



## Measuring Economic Success

As we implement the Growth Plan we will measure our progress towards achieving our ambition through regular monitoring of economic conditions. The key measures of economic success that we will monitor are detailed below.

The geographical coverage of all of these indicators will allow the construction of a D2N2 LEP figure. Not all LEPs are constructed on the basis of these standard geographies which may limit the number of LEPs we can compare ourselves to.

We will not only monitor the health of the economy using the indicators above but we will also set targets to realise our ambition. Our targets reflect the issues we want to influence, the areas that we want to improve. We have identified 9 key indicators across 5 areas.

The suggested targets, in general, aim for faster progress for D2N2 on each indicator than the East Midlands or the UK as a whole.

## Question 2

### Have we got the right indicators and targets?

Your comments;

You can respond online following [this link](#).

## D2N2 Growth Plan: Proposed Indicators and Targets

AREA	INDICATOR	BASELINE	TARGET
<b>GVA per Full Time Employee</b>	£ GVA generated per FTE	D2N2: £51,210 Regional: £51,055 National (GB): £57,579 2011, ONS Regional Accounts, BRES	D2N2 GVA per FTE to reach 92% of the national average by 2016 (currently 89%)  D2N2 GVA per FTE to reach 95% of the national average by 2020
<b>Employment</b>	Resident employment rate - % of working age residents in employment	D2N2: 70.3% Regional: 71.3% National (GB): 70.5%  Annual Population Survey, Oct 2011-Sept 2012	D2N2 to exceed the regional employment rate by 2016  D2N2 to exceed the national employment rate by 3 percentage points by 2020 (currently in line)
	Private Sector Job Creation	N/A	Creation of 8,000 jobs in D2N2 area via Growing Places Fund  Creation of XXX jobs in D2N2 area via Enterprise Zone
<b>Unemployment</b>	Unemployment rate - % of economically active adults who are unemployed	D2N2: 8.8% Regional: 8.4% National (GB): 8.1%  Annual Population Survey, Oct 2011-Sept 2012	D2N2 unemployment rate to be equal or be below the regional average by 2016  D2N2 unemployment rate to be equal or be below the national average by 2020
<b>Enterprise</b>	Business Birth Rate – new starts as proportion of business base	D2N2: 10.1% Regional: 10.3% National (GB): 11.3%  Business Demography, 2011	D2N2 business birth rate to be above the regional average by 2016  D2N2 business birth rate to be above the national average by 2020
	Business survival rate – 3 year survival of newly born enterprises (based on average of results for latest three years available)	D2N2: 62.5% Regional: 63.7% National (GB): 62.4%  Business Demography, 2011	D2N2 3 year business survival rate to be equal to the regional average by 2016  D2N2 3 year business survival rate to be above the regional average by 2020
<b>Skills</b>	% of working age population qualified to NVQ4+	D2N2: 29.3% Regional: 28.4% National (GB): 32.9%  Annual Population Survey, Jan 2011-Dec 2011	To be at least 95% of the national average by 2016 (currently 89%)  To exceed national average by 2020
	% of working age population qualified to NVQ3+ (including 50% of trade apprentices assumed to be Level 3)	D2N2: 52% Regional: 52% National (GB): 54.5%  Annual Population Survey, Jan 2011-Dec 2011	To exceed current national average by 2016  To close the gap with the national average by 2022 (currently 95%)
	Number of Apprenticeship Starts	D2N2: 22,530 Regional: 45,190 National (Eng): 496,600  SFA Data Service 2011/12	To increase the number of apprenticeship starts each year.

## HOW WE WILL PROMOTE GROWTH

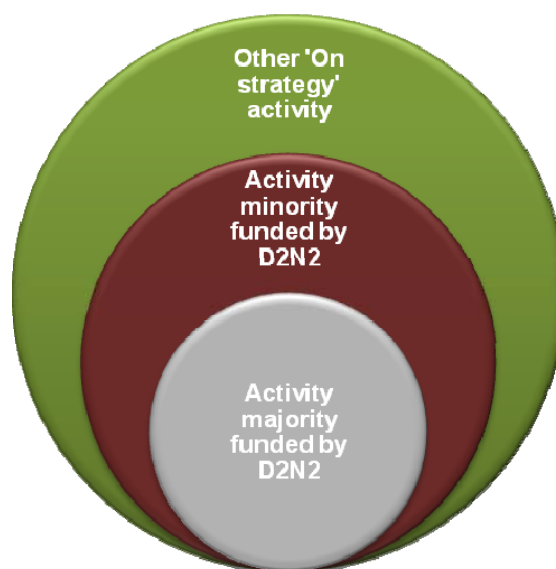
Having identified our economic characteristics, the strategic challenges that we face and those strategic priorities and areas of focus for activity that will positively help achieve our ambition, the activities and scale of action that D2N2 can support will be determined by the capacity and opportunity available to the partnership.

This Consultation Draft Growth Plan sets out an initial framework of activity that the partnership is undertaking or proposes to focus on between 2013 and 2016. This framework will be kept under review as the partnership gains capacity, reviews the effectiveness of current activity and identifies further opportunities to take action to pursue our goals.

There will be a range of activity undertaken to deliver this Plan. D2N2 will mostly play the role of an enabler rather than a delivery of activity. Within the scope of Growth Plan there will be activity that is;

- LEP initiated and majority funded
- LEP initiated and minority funded
- Complementary 'on strategy' activity co-ordinated and promoted, but not funded by, the LEP

We will take a balanced approach identifying short, medium and long term opportunities, targeting our efforts on the best and most realisable growth opportunities for the D2N2 area. Our decisions are informed by data and aligned to our strategies ensuring a consistent approach which we believe will support effective and sustainable economic growth.



We acknowledge this approach will require tough choices about what we will and more importantly what we will not do or support. We will concentrate our efforts where we believe we have the greatest ability of making a positive impact.

We acknowledge that our approach will evolve over time as information, knowledge and circumstances alter. We will monitor our progress towards achieving our ambition. We will review our progress annually.

## Resources

The resources available for D2N2 to direct and influence have increased since the partnership was founded and will continue to increase in future, raising the opportunity for increased scale and impact of actions, whilst remaining strategic and not duplicating the work of others.

D2N2 is a voluntary partnership that has operated to date by drawing on a range of funding sources, contributions in type and kind from partner authorities and significant time commitments from the Chair and Board Members.

To support the core operation of the LEP, partners have made significant contributions in kind. This capacity has been boosted by the Government's recent offer of core funding, which has been matched by local contributions to ensure that D2N2 has a core capacity to address its expanding agenda.

To support business, D2N2 manages a range of funds that are administered by a range of accountable bodies. Each of the funds is hypothecated for different purposes.

<b>Fund</b>	<b>Accountable Body</b>	<b>Sum</b>	<b>Period</b>
D2N2 Growing Places Fund	Nottingham City Council	£25,986,004	Ongoing
City Skills Fund	Nottingham City Council	£500,000	2011/12 to 2013/14
LEP Capacity Fund Round 2	Nottinghamshire County Council	£76,800	2012/13 to 2014/15
Unlocking Investment for Growth (conditional award)	East Midlands Business Ltd	£5,000,000	2013/14 2014/15
LEP Core Funding (subject to application)	Derby City Council	£500,000	2013/14

In addition to these funds, the D2N2 Board will also direct how the 'business rate uplift' on the current sites within the Nottingham Enterprise Zone between 2012/13 and 2037/38 is spent. The uplift will be collected by Broxtowe Borough and Nottingham City Councils and spent, to support growth across the D2N2 area. Recent estimates by Gleeds Ltd suggest that the uplift could be worth approximately £135 million over 25 years, although this would be subject to market conditions.

The Chancellor's Autumn Statement (2012), following the recommendations of Lord Heseltine's Growth Review 'No Stone Unturned', has also indicated the Government's intention to put further resource under the direction of local enterprise partnership. Proposals including;

- LEPs leading the development of LEP-wide EU Investment Strategies for 'Common Strategic Framework' European Funds between 2014-2020
- Devolving additional growth funding to a 'single pot' in 2015/16
- The creation of local transport bodies on LEP geographies to direct local transport funding

In 2013-16, D2N2 will work to ensure that the resources to support growth within D2N2 is maximised through demonstrating our effectiveness and competitive bidding.

## The Government's Strategy for Growth

This Growth Plan provides the strategic framework for local growth plans. It does not duplicate local or national work but adds value where working together can more effectively support local economic growth and job creation.

The Government has stated that it wishes to operate an active industrial policy built around support for priority sectors, backing for core emerging technologies; boosting skills and intelligent operation of the Government's position as a market-making customer. It will particularly focus on dismantling the barriers to growth

As Government develops and implements its strategy, D2N2 will engage with Government, business and other LEPs as appropriate to coordinate and pursue activity to promote growth, particularly within our areas of focus.

## Local Growth Plans

The D2N2 Growth Plan sets the framework for local growth strategies and plans in Nottingham, Nottinghamshire, Derby and Derbyshire. These plans and the activity they set out supports our vision to make the D2N2 region one of the strongest and most prosperous economic regions in the UK.

### Derby Growth Plan

Derby's Economic Strategy 2011-16 outlines the economic challenges and opportunities in the city with the overarching aim to achieve sustained growth in net new jobs. To deliver this aim the strategy has three key drivers:

- Creating a culture where enterprise thrives
- Ensuring workforce skills match business needs
- Maximising quality of life

The underlying challenge of the strategy is to maintain the successes of the previous decade which saw hundreds of millions of pounds of investment, the creation of over 6,000 new jobs, and witnessed average wages rise above all other areas of the country outside London and the south east, whilst facing a declining public sector workforce and threat of further recession. The three key drivers: Enterprise; Skills; and Quality of Life each have action plans to deliver interventions that will strengthen the city's economy.

Building and developing successful **enterprise** in Derby is crucial. The city benefits greatly from the presence of large global companies such as Rolls-Royce, Toyota and Bombardier but has traditionally seen lower than average levels of business starts. Since 2010, business start rates have been strong. This trend will be supported by continued focus on quality managed workspace provision as well as a pipeline of Grade-A office developments such as Friar Gate Square - the first speculative office development in the city for 25 years. The launch of the £20m Derby Enterprise Growth Fund provides huge opportunity to support existing businesses to grow and create jobs in the city and its travel to work area. RGF funding is also being used to develop the Global Technology Cluster and Centre for Supply Chain Innovation that will help retain Derby as the UK's leading advanced manufacturing city.

Enhancing **skills** levels in the city is a vital part of growing the economy. Derby boasts some of the most highly skilled employment in the UK but many of these jobs are undertaken by residents outside the city. Derby is working hard to ensure that the skills needs of local businesses are met by residents of the city by supporting the education system and training providers to deliver outcomes that align with Derby's economic needs.

Providing a **quality of life** that is attractive to highly skilled employees is a key strand to Derby's plan for growth. Multi-million pounds of investment in infrastructure such as high-speed broadband, strategic road networks and the city's rail station are all underway. A £20m multi-sports arena will begin construction in 2013 and an Olympic sized swimming pool is planned to follow in the city centre. Quad and Westfield, among others, continue to provide a high standard of leisure opportunities for residents and visitors - Derby's retail ranking has risen from 64<sup>th</sup> to 26<sup>th</sup> in recent years. Two Business Improvement Districts in the city centre are of key importance to retail and leisure growth in the city.

### Derbyshire Economic Strategy and Action Plan

Partners in Derbyshire continue to co-ordinate activity through the Derbyshire Economic Partnership (DEP). Originally established by *emda* as a sub-regional strategic partnership, DEP represents the economic interests of the private, public and third sector through its Board and relevant sub-groups. The purpose of DEP is to develop economic strategy, determine priorities for investment and delivery, oversee performance and represent Derbyshire's economic interests with one voice.

DEP is currently undertaking a comprehensive review of its form and function to ensure the partnership remains fit for purpose in championing the Derbyshire economy. DEP manages the relatively new inward investment vehicle "Invest in Derbyshire", co-ordinates activity through the Business & Skills sub-group (primarily acting as the ESB for Derbyshire), supports rural issues key to the county and oversees and influences physical infrastructure development.

As part of the review, DEP is re-assessing Derbyshire strategic economic priorities with a view to publishing an Economic Strategy Statement and action plan later in the year. This key piece of work will focus on how Derbyshire can benefit from growth in the current climate and how DEP can complement and engage positively with the LEP agenda, most notably D2N2 and SCR.

### Nottingham Growth Plan

Nottingham's vision is to unlock its potential. To this end Nottingham City Council, together with partners in the business community, has developed the Nottingham Economic Growth Plan: an economic strategy to restructure Nottingham's economy. That Plan sets out to develop a **highly skilled, science and technology based, low carbon economy within Nottingham** by 2020. To support this, Nottingham will need to be **connected** internally, nationally and globally. It will need to develop **creative** new businesses and become the most **competitive** location in the UK for businesses to be based. The Growth Plan identifies three emerging sectors that has the potential for rapid growth; lifesciences, digital content and 'cleantech'.

Nottingham's ability to absorb economic shocks and create new paths of growth can be described as its 'adaptive capability'. Cities with good 'adaptive capability' can avoid getting locked into a path



of long-term economic decline. Nottingham has a tradition of adapting and reacting well to economic shifts and shocks. It responded strongly to the decline of its historic manufacturing industries in the late 20th century by building a powerful service sector. With that sector under challenge, it needs to adapt once more. There has been huge investment in regeneration in recent years but the emphasis now shifts to investment in economic growth. There is a compelling case for restructuring Nottingham's economy to give particular support to sectors that can create high-value jobs and drive growth and resilience in the economy. This requires a fundamental rethinking of the city's path to transform the economy within a generation. This plan is designed to create growth that will benefit every community in Nottingham.

The Nottingham Economic Growth Plan is built on sound evidence and focuses on three themes;

#### 1. Fostering Enterprise

To enable enterprise to flourish within the City through providing financial incentives, physical assets and business support structures, to enable emerging sectors to further develop. This will include the creation of suite of business and financial support packages:

#### 2. Supporting a High Quality Workforce

To achieve a higher skilled, productive workforce and reduced worklessness levels, structures will be put in place to simplify the process of connecting people to jobs. The plan develops strong relationships with education and training providers to ensure that provision and economic need within City are aligned.

#### 3. Developing 21<sup>st</sup> Century Infrastructure

For Nottingham to realise the full potential of the City, a range of infrastructure development is required, enabling high quality development activity, this includes digital connectivity, energy infrastructure and transport infrastructure

### Nottinghamshire Growth Plan

The business community, public sector and key stakeholders in Nottinghamshire are currently finalising a Growth Plan for the County. This will be aligned with D2N2 strategic objectives, and create a platform for investment in the County that can be further discussed with the D2N2 LEP. Priorities are grouped in three key areas:

- Competitive business growth;
- Connectivity;
- Aspiration and talent

Issues relating to confidence in the Nottinghamshire economy and proactive promotion and marketing of opportunities are considered to be cross-cutting. The County has achieved notable success in terms of securing investment in recent months, with the Enterprise Zone, A453 widening, Midland Mainline electrification and imminent investment of £17 million in superfast broadband infrastructure. D2N2 support for these and other priorities will be factored in to the Nottinghamshire Growth Plan

## HEADLINE ACHIEVEMENTS

Since our formation we have laid the foundations for future success. We have built the first joint Derby, Derbyshire, Nottingham and Nottinghamshire economic development partnership. We have set our strategic purpose, vision and ambition.

We have agreed the first of the new wave of Enterprise Zones at the Alliance Boots Campus in Nottingham and we brokered a multi-party investment deal to address the constraints on the site to open it up for investment. We have also negotiated the extension of the Enterprise Zone to cover four sites within Nottingham. The zone, which has the potential to create approximately 4000 new jobs, is the UK's lead Enterprise Zone for health and life sciences. Also within the D2N2 area, Markham Vale offers 80 hectares of employment land with direct access to the M1 motorway at junction 29A, of which approximately 20 hectares has Enterprise Zone status.

We have successfully applied to Round 3 of the Regional Growth Fund to create our Unlocking Investment for Growth Fund. It will be a £5million grant fund to support job creating investments in firms within our 'areas of focus'. It fits alongside Nottingham and Derby's Regional Growth Fund schemes.

We have set up and invited applications to our £25million Growing Places Fund programme. It is a loan fund designed to get 'stalled' sites and capital investments moving to create jobs with loans advanced being returned to D2N2 to support further investments. In June 2012, the D2N2 Board agreed to take a number of projects from across the area through a due diligence process, which, if successfully concluded, would bring up to an estimated £105m of investment and support the creation of up to 4000 further jobs on top of the 4000 projected to be created by the Nottingham Enterprise Zone.

As a partnership, we don't work in isolation. With others we have successfully lobbied for a range of transport improvements, including;

- Electrification of the Midland Mainline
- The dualling of the A453 into Nottingham from the M1 Motorway
- Improvements to junctions on the A38 in Derby

There continues to be significant investment through each City and County Local Transport Plan in maintenance and improvement of highways and transport networks and services, aligned closely with the investment in infrastructure brought forward in association with land-use developments

Within our 'areas of focus' we have pursued a range of initiatives. A particular success has been the work undertaken by the D2N2 Visitor Economy and the Arts Council group to deliver the 'Elemental Force' programme of cultural tourism events.

To support businesses to take advantage of global opportunities we have worked with UKTI to develop our 'Export for Growth' brochure, providing local SMEs with real world examples of other local firms who have made a success of exporting

These successes are not the limit of our ambition and this Growth Plan sets out an incremental approach to pursuing our ambitions of economic and employment growth for the D2N2 area.

## **ACTIONS FOR GROWTH - STRATEGIC PRIORITIES**

The 'strategic priorities' are those factors that our research suggests are relevant to all businesses in the D2N2 area and have particular significance to the high growth businesses that are responsible for the bulk of private sector job creation.

### **Developing Business Skills:**

Business skills are the skills employers need to produce or supply products and services. Many skills valued by employers – such as communication and team working – are poorly reflected by qualifications. However, formal education, training and qualifications are often emphasised because they can be easily measured and publicly funded, more importantly, they can be directly influenced by decisions made by Government, local partners and employers.

### **D2N2 Action**

#### **D2N2 Skills Commission**

D2N2 has established a Skills Commission, chaired by Board Member Richard Horsley. The Skills Commission will build on existing close working between the three Employment and Skills Boards (ESBs) in the D2N2 area (Derbyshire Business & Skills Group, Derby City ESB and Nottingham & Nottinghamshire ESB) and other stakeholders, including representatives of the Skills Funding Agency, Further Education Colleges and private training providers within the LEP. The three ESBs produced a joint skills priorities statement which is aligned to the D2N2 Strategic Priorities and Areas of Economic Focus. This document will form the basis of the D2N2 Skills Plan, the development of which has been funded through the LEP's City Skills Fund.

The Skills Commission will oversee the production of D2N2's first Skills Plan, which will be published in April 2013. The skills plan is intended to drive the provision of adult skills to meet the needs of the local economy and labour market. The plan will set out:

- local and sectoral Labour Market Information (LMI) from a range of robust information sources
- how local or other skills provision will be aligned to meet the plan's priorities and how D2N2, local authorities and the colleges and independent providers will work together to implement the plan.
- how the FE sector, including private training providers, will tailor its adult skills provision to align with the plan priorities and demonstrate accountability to their social and economic communities.
- how partners will work together to ensure that employer and individual demand in priority skills areas is realised and how to leverage investment from across the partnership and from the wider employer community.

The Skills Plan will be a key resource for all providers of education and skills (including schools and academies, FE colleges, private training providers and Universities) as it will identify the priority and growth areas in the LEP's economy. All providers will be able to use the Skills Plan to

inform their own Business Planning and to revise their Skills Offer to reduce the identified skills shortages of their communities and to meet the needs of their local employers.

The City Skills Fund will provide funding to stakeholders to implement and deliver projects and initiatives to meet the needs of employers that are identified in the Skills Plan, including the establishment of a D2N2 Skills Observatory. This will enable key information and data to be collated and presented to inform the development of the skills plan. As with the skills plan, funding from the City Skills Fund will be available over the next two years to support the staffing costs and activities of the Skills Observatory. During this period, the Skills Commission will be able to commission the Observatory to produce bespoke reports and analysis on issues that have been highlighted in the skills plan.

The Chancellor's 2012 Autumn statement set out a new role for LEPs in skills – expecting LEPs to set the skills strategy for their area. Chartered status for FE colleges and providers will be dependent on having taken account of the skills priorities of LEPs.

Between 2013 and 2016 the Commission will oversee the delivery of the Skills Plan.

## **Supporting Innovation**

Innovation plays a significant role in driving economic growth. It helps create new products and services, allows companies to differentiate themselves in market places and improves performance through new business processes. On average, innovating firms demonstrate four times the sales growth of non-innovating firms in the same sector.

While advances in science and technology are crucially important to the UK economy, it is also recognised that innovation in strategy, management, organisation, marketing and design can all transform the growth potential of companies. Indeed, a recent study<sup>5</sup> found that for every £1 businesses spent on design, £20 can be expected in increased revenues, a £4 increase in net operating profit and over £5 in increased exports. We should also be conscious of the catalysing impact on innovation that relatively small initial interventions can make – student placements into businesses being one example.

There are a number of world-leading innovators in the D2N2 area, but there is more that we can do to inspire others to innovate, access resources, and to commercially exploit new ideas. Within Derbyshire and Nottinghamshire, we have significant assets to support innovation – including centres of technical R&D excellence, ERDF supported projects, experienced staff who can facilitate business collaboration and access to schemes such as KTP and FP7 and University-linked business networks. Through the work of D2N2 we proposed to increase the visibility and connectedness of innovation support in the following six areas:

1. **Infrastructure for innovation** – assets include Biocity, Derby Innovation campus the University of Nottingham Innovation Park, Nottingham Science Park, the Nottingham Enterprise Zone and the Business Innovation Centres at Mansfield, Worksop, Newark, Tupton and Dunstan. We will create a D2N2 Innovation Network, which connects these hubs and other

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resources to support innovation – highlighting the accommodation offer, advice and networks available.

2. **Skills for innovation** – the exploitation of new ideas can often require new ways of thinking, working, and managing an organisation. DNCC, the universities and other training and professional development companies have resources to support the development of skills, knowledge and know how to support innovation processes. A key transition in many businesses is adopting an “open innovation” mindset to access and assimilate knowledge and ideas from outside the business into the business to support innovation.
3. **Research and Development for innovation** – the Universities of Derby, Nottingham and Nottingham Trent undertake leading-edge research in world class facilities; through D2N2 we will work together to showcase the expertise, facilities and resources that could benefit local businesses. In addition, there are a significant number of companies who are at the forefront of their areas of specialism. We will seek to make these more visible and encourage collaboration and sharing of good practice – strong case studies of successful innovation in D2N2 businesses should be promoted widely via the LEP and partners. Universities and business generate significant amounts of Intellectual Property and we will explore ways to showcase this and encourage its development by other interested parties.
4. **Graduate talent for innovation** – Each year, the three universities produce thousands of highly skilled graduates and many graduates return to the area from study elsewhere. This presents a significant opportunity for businesses wishing to innovate; particularly for small to medium sized enterprises where they lack expertise or capacity. Before employing a graduate many companies get to know the students of the universities through projects, placements and internships. Some will go on to sponsor postgraduate research or participate in a Knowledge Transfer Partnership (KTP) programme. Through D2N2 we will work to promote the opportunities for business to benefit from graduate and post graduate talent.
5. **Grants and Finance for innovation** – the UK Government invests significantly in innovation by funding collaborative research with universities, it is developing the network of Catapult Centres, it has recently launched Innovation Vouchers and announced a new Smart scheme. We must ensure that eligible businesses in the D2N2 area are aware of these important opportunities for investment and we must support companies to draw down these resources into Nottingham and Derbyshire. We will also explore ways of working with private sector investors to link innovating companies to other sources of finance, such as angel investors and venture capitalists, who can also offer mentoring and expert business advice.
6. **Networks for innovation - innovation** does not happen in a vacuum, rather it is a multi-staged process which draws upon a wide range of support – often termed the “innovation ecosystem”. We must ensure that we create such an innovation ecosystem through D2N2, which inspires companies to innovate, connects and makes visible our innovation assets, enables the sharing of good practices and encourages collaboration. Where expertise is unavailable in the D2N2 area, we must seek to utilise the national and international networks of our business and universities to support local innovation. We should also seek to maximise the ability of b2b service providers, such as accountants, and who possess significant connectivity with local businesses to refer appropriate businesses to Universities and other partners (e.g.

innovation centres) to better position those businesses to access additional support and knowledge for growth.

## **D2N2 Action**

- **Innovation assets** – we will identify the assets and resources we have and need to support innovation in the D2N2 area as highlighted above.
- **Establish a D2N2 Innovation Observatory** - we will explore the establishment of a D2N2 Innovation Observatory. By working closely with business we will seek to:
  - Understand the levers and impediments to being an innovative company
  - As expenditure in R&D is recognised as an insufficient metric to measure innovation, we will seek to develop new ways of measuring innovation in Derbyshire and Nottinghamshire.
  - Identify innovative business practice and encourage the sharing of good practice through case studies and accessible events.
  - Identify emerging innovation clusters, seeking to understand the resources needed to support innovation and champion these clusters to D2N2, investors and Government.
- **Create a regular point of contact with the Technology Strategy Board** - this will enable us to learn about emerging investment opportunities and programmes which we will disseminate to D2N2 business. In addition, through the work of the Observatory we will share with the TSB our own research and case studies on innovation to inform national policy debates
- **Prepare for future funding opportunities** – through our dialogue with businesses and the work of the observatory we will seek to understand how future funding rounds, notably future ERDF/ESF programmes might be used to support innovation, job creation and business growth more effectively across the LEP region.

## **Available Finance:**

Access to finance is critical if businesses are to invest in additional capacity, innovative activities, skills development or new capital equipment. When surveyed, businesses in the D2N2 area consistently identify access to finance as a concern. Research on high growth firms suggests that access to capital for expansion is often a key constraint.

## **D2N2 Action**

### *D2N2 Growing Places Fund*

To address financial challenges which have led to job-creating investments becoming 'stalled', in March 2012, D2N2 launched its £25 million 'Growing Places Fund' to provide loans for capital works to kick-start development.

Investments have been made in job-creating projects including the Nottingham Enterprise Zone and Prometheus Developments Ltd. Further projects from across the area are undergoing due

diligence, which will be completed on a rolling basis. GPF funding has the potential to support the creation of up to 8000 jobs,

Growing Places is a sustainable fund, which will use funds from loan repayments to make further investments to support growth. During 2013-16 D2N2 will look to open up its Growing Places Fund to make further investments.

#### *Unlocking Investment for Growth Grant*

In partnership with East Midlands Business Ltd, D2N2 has received a conditional offer from the third round of the Government's Regional Growth Fund of up to £5 million to support our proposed 'Unlocking Investment for Growth' grant fund.

Subject to successfully completing due diligence with Government, the Unlocking Investment for Growth scheme will be open for business in April 2013. It is planned to support up to 25% of capital and associated revenue costs of investments that will rapidly create jobs and fit alongside Nottingham's Technology Grant Fund and Derby Enterprise Growth Fund.

#### *Other action*

Between 2013 and 2016 D2N2 will look to work with existing providers to establish how D2N2 can support improved access to finance for new and existing businesses in our areas of focus. This will include consideration of how returns from regional venture capital schemes, formerly operated by Regional Development Agencies, can be effectively recycled to support local growth.

D2N2 will work with partners to lead the development of an EU Investment Strategy, which will complement this plan, to maximise local economic benefits from EU 'Common Strategic Framework' Funds for 2014-2020.

### **Effective Infrastructure:**

Infrastructure is one of the 'fundamentals' that underpins the economic competitiveness of an area. It is widely seen as including transport networks, business premises, electronic infrastructure such as broadband and other utilities. As such it is key to delivering sustainable economic growth. The provision of quality infrastructure that supports industry and the efficient movement of goods and people contribute to economic prosperity.

Investment in infrastructure needs to be directed to where it can assist with the identified areas of focus, but also take into account the extent to which existing economic activity depends upon the efficient operation of transport networks. Maintenance of networks and finding ways to improve their efficiency will continue to account for the majority of local investment.

### **D2N2 Action**

#### *Transport Priorities*

A high quality transport network to support growth is a key priority for D2N2. In November 2011, D2N2 approved a transport infrastructure priority statement. Since this time, a number of those priorities have received funding to support their implementation, such as;

- Electrification and line speed improvements to the Midland Main Line
- Dualling of the A453 between Nottingham and the M1

- Improvements to junctions on the A38 in Derby

In 2013, D2N2 will review its transport priorities. These will reflect the importance of strategic improvements in specific locations, linked to our areas of focus, but also the need to make the best of existing assets and seeking ways in which we can unlock agglomeration benefits from better links between our key settlements. We will also need to take account of the importance of freight movement and, as far as possible, minimising its impacts on sensitive locations. Moreover, D2N2 will continue to engage with for the implementation of the 'High Speed 2' rail line to maximise its potential economic benefits for our area. We are also working with Network Rail and others on improving public transport accessibility across the area, and expect to be able to deliver a new station for Ilkeston during 2014. Moves towards the local specification of rail franchises will offer opportunities for these to be more responsive to our needs, and we are engaged in the setting up of the Rail in the North of England consortium which is expected to take on responsibility for some of our key routes.

#### *The Nottingham Enterprise Zone*

The Nottingham Enterprise Zone is the first Enterprise Zone designated by this Government. The Zone includes four sites, the largest being part of the Alliance Boots site in Beeston, together with three smaller sites – the Beeston Business Park, the Nottingham Science Park and the MediPark site (at Queens Medical Centre) which together make up 286 acres (116 hectares).

The Nottingham Enterprise Zone is the leading Enterprise Zone for health and life-sciences with a range of property solutions available for occupiers and a potential Business Rate discount per company of approximately £275,000 over a five year period.

With partners, D2N2 has brokered an investment deal to 'unlock' the Alliance Boots site for investment. The £25m deal will be used to overcome constraints on the site including cleaning up contamination on site and re-routing of services.

In 2013-16 D2N2 will continue to support the promotion of investment into the Nottingham Enterprise Zone, the opening up of sites within the zone and will determine how the uplift in Business Rates that will flow to D2N2 can be used to promote growth across the D2N2 area.

#### *Markham Vale*

The Markham Vale site and Enterprise Zone are already served by M1 Motorway Junction 29a and associated local links. A 'western link' connecting to the A632 between Chesterfield and Bolsover is now being delivered and further key connections are planned, into the 'Seymour' area of the site and completing the Staveley Northern Loop Road. The site offers a rail-head facility.

#### *The D2N2 Growing Places Fund*

The D2N2 Growing Places Fund, which was established in March 2012, will support a range of business sites and premises to be opened up for business investment across the D2N2 area. In 2013-16 D2N2 will examine how further investments from the Growing Places Fund can be made.

#### *Pinch Point Programmes*

The improvements to the A38 in Derby mentioned above have been brought forward through Pinch Point programmes for Highways Agency networks. We have advised the Agency on our priorities for any further investment through these programmes. In January 2013 Government also released



Pinch Point funding for local authority networks, and we will be seeking investment through these to deal with constraints on economic activity.

#### *Devolved Funding for Local Major Transport Schemes*

To promote more local control over transport funding, D2N2 has submitted a request to Government to establish a local transport board. In 2013 D2N2 will support the establishment of a Local Transport Board to match the D2N2 boundary and which will administer a devolved funding stream for major schemes. Between 2013 and 2016, D2N2 will continue to review and lobby for the implementation of its transport priorities and greater control of transport funding at a local level.

#### *Digital Connectivity*

Enhanced digital infrastructure will be a key foundation for future growth. Between 2013 and 2016 D2N2 will continue to support initiatives undertaken by partners to enhance digital connectivity within our area, particularly investments co-ordinated by local authorities through the Broadband Delivery UK and other initiatives.

### **Integrated Actions**

There are actions that will promote growth that cut across our four priority areas. 'International' actions will support the D2N2 area to benefit from the opportunities in the global economy. D2N2 works with partners to support international investment into our area and to support local firms to trade internationally with the aim of supporting jobs and growth. The D2N2 has a diverse and compelling offer for international investors, including;

- A highly skilled and diverse workforce with a large talent pool
- Centrally located in the UK with excellent road, rail, light rail, air and digital connections
- Internationally competitive firms and sectors
- Excellence in education and research
- Vibrant cities and market towns within beautiful countryside

### **D2N2 Action**

#### *Inward Investment*

Inward investment marketing in D2N2 is undertaken by the Derbyshire Economic Partnership, Marketing Derby and Invest in Nottingham. In 2013-16 we will continue to review and refine our collaborative approach to inward investment marketing.

#### *Export For Growth: Guidance for business*

Working closely with UKTI and DNCC, D2N2 has produced its 'Export for Growth' guide to help local SMEs to understand the opportunities in the global economy and who can support them to get their export strategy right. In 2013-16 we will continue to review and refine our approach to supporting international trade and further develop our approach to the Chinese market.

### **Regulation**

Business feedback consistently identifies regulation and its application as key challenges.

### **D2N2 Action**

D2N2 will work with business, regulators and Government's better regulation delivery office to roll out the Better Business for All initiative.

## **ACTIONS FOR GROWTH - AREAS OF FOCUS**

D2N2 actions in our early phases have been focused around our strategic priorities and activity that is relevant across our areas of focus. The areas of focus have been the strategic framework for the sectoral targeting of initiatives, such as our Unlocking Investment for Growth Fund.

In 2013-16 we will continue to review the potential for targeted actions within and across our areas of focus and pursue them where they indicate that they can form part of a balanced approach to effectively supporting economic growth and employment. The activities and priorities detailed below have been shaped by engagement with business and relevant other partners. We will prioritise those activities and areas that have the best and most realisable prospects of supporting growth.

### **Transport Engineering and Advanced Manufacturing**

This sector describes the production of aerospace, automotive and rail transport vehicles and associated goods and services. There is a strong concentration in the D2N2 area – especially around Derby City and South Derbyshire – and is significantly (40%) more productive than elsewhere in the UK. Rapid growth is projected in the future for the UK, with the D2N2 area outperforming the national average. The sector includes a number of large, globally significant employers, such as Rolls Royce, Toyota and Bombardier. These companies have significant supply chains which overlap other industrial sectors (such as metals) where there are also local strengths.

High value manufacturing accounted for 35% of all UK exports in 2010, contributing £151bn to the UK balance of payments. The Technology Strategy Board is committed to ensuring that high value manufacturing is a key driver of UK economic success and has doubled its direct investment in innovation to around £50m a year. D2N2 is well placed to benefit with existing strengths in these sectors.

#### **Opportunities for D2N2 Action**

Opportunities and challenges in this area of focus are very much in line with the key identified issues of finance, innovation and inter-connectivity, particularly around sharing of IP between firms, and broadband infrastructure. There is also a relationship with D2N2 lobbying role for key transport infrastructure improvements. In 2013-16 D2N2 will continue to explore and pursue opportunities to support growth in transport engineering and advanced manufacturing.

In Derby, a £40m RGF allocation is being used to develop the Global Technology Cluster and Centre for Supply Chain Innovation, building on the city's reputation for engineering excellence. The £20m Derby Enterprise Growth Fund will offer a mixture of grant, loan and risk capital funding to support business expansion, primarily but not exclusively in the aerospace, rail and automotive sectors.

## **Medical / Bio-science**

This sector describes 4 interrelated sub-sectors that together provide goods and services related to human health and medical care:

- Healthcare, much of which is delivered through the NHS, is the service element of the sector which also accounts for a far larger volume of employment as well as being the principal customer for the other elements of the sector;
- The manufacture of medical devices, a relatively small, high value sub-sector of manufacturing with a high level of R&D activity;
- Pharmaceuticals is a more significant sub-sector, in both employment and output terms, manufacturing products both for the NHS and other health care providers and for the commercial 'over-the-counter' market. Alliance Boots plc, which has headquarters just outside Nottingham, is a very significant employer in the D2N2 area; and
- Life and bio-sciences, which describes research and development, manufacturing and marketing of products based on advanced biotechnology research. This sub-sector include often small, niche producers, which include university spin-outs. Bio-city, in Nottingham, is a nationally significant centre.

### **Opportunities for D2N2 Action**

Issues in this area reflect the general themes of skills and finance, but with identified specific requirements of;

- Attracting talent and investment from the South East & London
- Developing existing management (not R&D or 'technical') talent
- Bringing the Medi-Park site (part of the Nottingham Enterprise Zone) to market

In 2013-16 D2N2 will continue to work with partners to explore and pursue opportunities to address the identify issues and continue to monitor the key issues for this sector.

## **Food and Drink Manufacturing**

The manufacturing of food and drink products is important across the D2N2 area – particularly so in Newark & Sherwood, Bassetlaw and Amber Valley. The sector is important locally because of its close connection to agriculture and also because of the D2N2 area's excellent connectivity, enabling the rapid distribution of food and drink products nationally and internationally.

Food and drink manufacturing is a significant sub-sector of manufacturing, accounting for 3.8% of GVA in D2N2 area, and employment in the area is significantly more concentrated than nationally. Moreover, above average growth is projected for the sector in the future. Food and Drink Manufacturing is also relatively productive in the D2N2 area, with output per full-time employee estimated to be 5.5% higher than the sector in the UK overall.

The sector can deliver significant volumes of job opportunities, although many of these remain low-skilled and low-paid. Changing perceptions of the sector, particularly amongst young people, will be key to its future growth. Higher level opportunities do exist on the technical and management sides. Whilst the sector remains attractive for start-up and micro businesses, there are significant obstacles in terms of the availability of food-grade premises and regulatory requirements relating to food production, labelling and distribution.

Given the area's largely rural geography, opportunities also exist for exploring the agri-food supply and production chain more fully. Significant innovation has already been supported in this area through the Food and Drink iNet, which has delivered projects such as trialling the conversion of farm waste and effluent into microbial fuel, with Ashfield based Lindhurst Engineering.

### **Opportunities for D2N2 Action**

Alongside skills and finance, waste and energy issues have been identified, which have a clear overlap with the low carbon agenda. Specific challenges and opportunities identified include;

- High demand and low supply of food preparation grade workspace outside of Nottingham – infrastructure mapping should be a first priority;
- Tailored support for fledgling businesses and new entrepreneurs should be established, with a specific focus on the many barriers to setting up a viable food and drink enterprise;
- The development of a D2N2 approach to career pathways within the sector would be welcomed, to ensure that young people in particular understand the potential opportunities that the sector can offer and the skills needed to enter it;
- The HE offer in terms of food science and innovation should be maximised, particularly where it offers scope for new business generation or transformation;
- Links to the Nottingham Enterprise Zone are being explored, currently focused on the health food synergy with Alliance Boots but with the potential to be widened out to look at local supply chain issues;
- Further exploration of the link between food sourcing and local tourism could also be prioritised. Major tourism attractors such as Center Parcs and Chatsworth could be assessed to understand their interaction with the D2N2 food and drink supply chain

In 2013-16 D2N2 will continue to work with partners to explore and pursue opportunities to address the identify issues and continue to monitor the key issues for this sector.

## **Construction**

This sector describes activity relating to the preparation of land and the construction, alteration and repair of domestic and commercial buildings and infrastructure. It is well described in the data, which demonstrates that it is important for employment across Derbyshire and north Nottinghamshire, with examples of large employers including Bowmer and Kirkland in Belper. Construction in the D2N2 area is relatively productive, with output per worker estimated to be 9% higher than in the UK overall. Construction accounts for 8.7% of GVA in the D2N2 area.

### **Opportunities for D2N2 Action**

Alongside skills and collaboration issues, the major focus within Construction is on two aspects of procurement

- Dialogue with Government to ensure that major procurement exercises take account of industry capacity, and,
- Supporting local firms to respond positively to 'framework supply contracts' for public procurement.

In 2013-16 D2N2 will continue to work with partners to explore and pursue opportunities to address the identify issues and continue to monitor the key issues for this sector.

## **Visitor Economy**

The visitor economy covers those activities directly associated with tourism, principally hotels and restaurants. It also identifies a wider field of assets and activity that includes the management and promotion of visitor attractions, which can be natural and heritage as well as other attractions (such as theme parks), and those elements of an area's sports, leisure, retail and cultural offer which attract and service domestic and international visitors.

### **Opportunities for D2N2 Action**

The Visitor Economy group has defined some specific opportunities to support an increased contribution from the visitor economy to local economic growth. The priority projects are;

- Tourism Investment Assessment: A detailed research and analysis project to assess the viability, economic impact and financial delivery options for a long list of new and proposed 'anchor attractions' across the D2N2 area to inform development and marketing priorities.
- Anchor attractions: Once the anchor attractions have been identified through the Investment Assessment, D2N2 should identify the role that it can play to ensure that finance is secured for their development and modernisation
- Major events programme: D2N2 to work with the two Destination Management Partnerships to promote a co-ordinated major events programme.

In 2013-16 D2N2 will consider the outcome of the Tourism Investment Assessment work and continue to pursue activity to support growth in the Visitor Economy by providing a focus for improved capital investment in the tourism infrastructure and increased revenue support to businesses to raise productivity and the quality of the tourist offer across the region.

## **Low Carbon Goods and Services**

Energy/carbon costs and the security of supply are not only important to the economic health of local businesses but the associated goods and services are providing an important boost to the UK's economy. The low carbon sector is currently of key importance, accounting for a third of the total economic growth in the UK during 2011/12<sup>6</sup>. Overall it accounts for nearly 10% of economic activity<sup>7</sup>. In 2011/12, the sector was worth £122bn and has been growing at a rate of 4-5% throughout the economic crisis, since 2008. With almost 940,000 people employed, low-carbon activity is now more significant than the automotive or communications sectors. National research undertaken by BIS (2010) forecasts a further 400,000 new jobs will be created by 2020. In Nottingham alone, a recent report suggests a further 800 jobs could be created or retained by 2017 and a further 1,480 during the period 2017-2021.

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<sup>6</sup> 'Colour of Growth' report from the CBI, published July '12, available [here](#)

<sup>7</sup> Statistics quoted are from government sources, collected in a report issued by the Green Alliance think tank and published in August 2012. Summary available here:

<http://www.businessgreen.com/bg/news/2201524/lowcarbon-infrastructure-investment-driving-green-economy-success-story>

The U.K is embarking on a fundamental transformation of its energy infrastructure with £200 billion of investment needed to rebuild the UK's energy infrastructure much of which is nearing obsolescence. The shift towards renewable energy sources and energy saving measures is creating new business markets for companies in the D2N2 area. These include significant market opportunities for renewable energy generation, including low carbon biofuels, biomass, anaerobic digestion, gas extraction, solar thermal, photovoltaics, energy recovery from waste, district heating networks and combined heat and power linked to new residential and non-domestic development schemes.

The D2N2 area has many good 'anchor' projects, programmes and businesses on which to build, including the University of Nottingham's new centre for Accelerating the Low Carbon Economy, Nottingham City Council's extended district heat network and Low Carbon Pioneer status and the area's major energy utility company, E.ON, employing over 4,000 people locally and based in an exemplar head office building in Nottingham's city centre. The area has also developed a specialism in low-carbon fuels, with investment by the Chinese auto sector (Changan and First Auto Works), Chinook Sciences' European Centre of Excellence for energy from waste processes. Other world leading low carbon businesses in the LEP area include;

- **Strawsons Energy** who has developed the world's largest willow plantation supplying wood fuel pellets to local biomass consumers.
- **Hoval**. The Newark based biomass boiler manufacturer has experienced growth of 60% during the last 5 years.
- **Alkane Energy**, who have developed technologies to extract methane gas from former coal mines which is used to power generators and sell electricity to the national grid
- **Hardstaff Group** who have invented a "dual fuel" technology, which significantly reduces the fuel consumption of HGV vehicles
- **Lindhurst Innovation Engineers** who have pioneered the development of ground-breaking technology to create a microbial fuel cell which will enable farms and agricultural businesses to generate most or all of their energy requirements from waste water and slurry

Within Derby a research partnership has been set up between the City Council and the University of Derby to improve understanding of the economic opportunities relating to the low carbon agenda. Significant interest has been generated across the University and with a number of partners. The project offers the opportunity to engage with the private sector about opportunities through energy efficiency and low carbon technologies. The first report will be produced towards the end of 2013.

The low-carbon sector impacts all aspects of D2N2 focus activities and as such has been designated as both a business sector and as a cross-cutting set of services, technologies and opportunities which the D2N2 will investigate.

### **Opportunities for D2N2 Action**

As well as working with the other sector groups, the low-carbon activities for D2N2 will seek to identify activities where the area can grow and develop existing expertise. The focus will be on using the LEP's strategic approach, spreading best practice across the area and supporting the local emerging low-carbon economy. In 2013, D2N2 will develop a clear prospectus which will identify specific activities and opportunities to support investment and business growth, focusing

on: innovation, renewable heat, district energy, retrofit energy efficiency, low-carbon transport and eco ‘tourism’ (both business and leisure).

D2N2 will work with partners in business, local government and HEIs to concentrate on mapping and marketing our low carbon assets and to raise awareness of the opportunities, investment and growth. By developing a strong local market, we will aim to support expansion in low-carbon skills and jobs.

### Question 3

#### What are the actions that would support your business to grow?

Your comments;

You can respond online following [this link](#).

### Question 4

#### What should be top priority for D2N2 LEP?

Your comments;

You can respond online following [this link](#).

## MEASURING SUCCESS

To complement our 2 headline strategic targets and continuing analysis of the condition of the local economy, we will also monitor the impact of our actions on our strategic priority areas using the indicators below.

Strategic Priority	Indicator	Source, coverage & availability
Business Skills	% Working age population qualified to NVQ4+ Baseline – D2N2: 29.3% Great Britain: 32.9% (January-December 2011)	Annual Population Survey. Country, Region, County, District. Updated annually.
	% Working age population qualified to NVQ3 (highest qualification) Baseline – D2N2: 18.9%* Great Britain: 18%*	Annual Population Survey. Country, Region, County, District. Updated annually. (*assumes 50% of residents with Trade Apprenticeships have quals)

	(January-December 2011)	equivalent to NVQ3)
	% of apprenticeship starts at Level 3 Baseline TBC	National Apprenticeship Service. Country, Region, County. Updated annually.
	% Working age population with qualifications below a NVQ2 (equivalent to 5 GCSEs at A*-C) Baseline – D2N2: 31.3% Great Britain: 30.3% (January-December 2011)	Annual Population Survey. Country, Region, County, District. Updated annually.
Innovation	% of employee jobs in medium and high technology sectors Baseline TBC	Business Register Employment Survey. Country, Region, County, District. Updated annually.
Finance	To be confirmed pending discussions with Chambers of Commerce/Bank of England/ONS	
Infrastructure	Employment land developed Baseline TBC	Local authorities. Updated annually.
	Commercial and Industrial Floorspace Baseline TBC	Communities & Local Government. Country, Region, County, District. Updated annually.

## CONSULTATION

We will consult on this strategy through a series of business breakfasts to be held throughout March 2013. We want to hear your views on this Consultation Draft Growth Plan. In March 2013, we are holding a series of 'business breakfasts' to hear the views of local businesses on our progress and plans. Spaces are limited at the events, which will run between 7.30am and 10am at;

Callow Hall, Ashbourne  
The Stuart Hotel, Derby  
Mansfield Town Football Club  
The Palace, Buxton  
The Belfry, Nottingham  
The Turbine Worksop

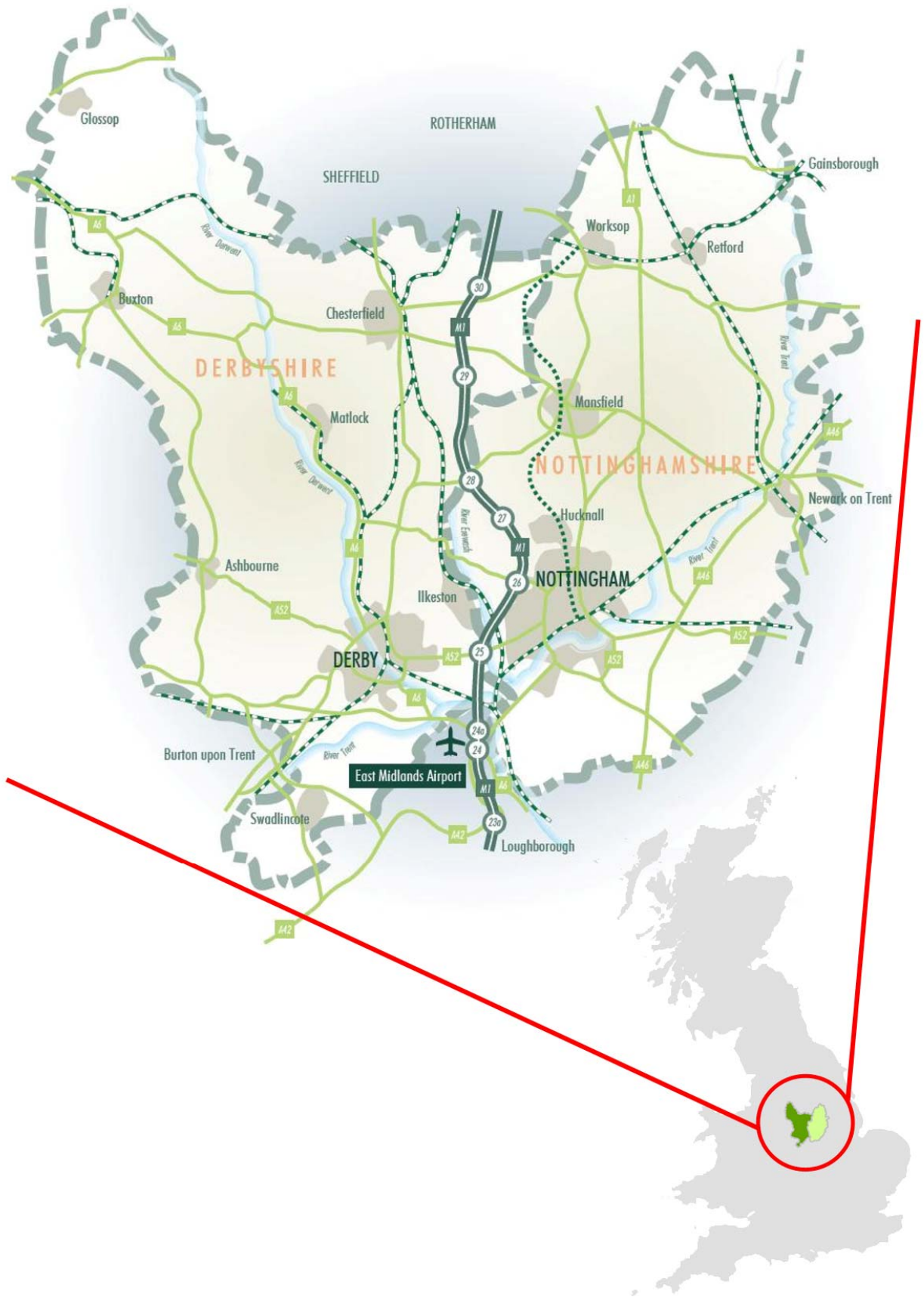
Friday 1<sup>st</sup> March  
Wednesday 6<sup>th</sup> March  
Thursday 7<sup>th</sup> March  
Monday 25<sup>th</sup> March  
Wednesday 27<sup>th</sup> March  
Thursday 28<sup>th</sup> March

To book your place visit [www.d2n2lep.org/Events](http://www.d2n2lep.org/Events) or [events@dncc.co.uk](mailto:events@dncc.co.uk) or telephone 01332 851296

You can also comment on our plans by visiting [www.d2n2lep.org/growthplan](http://www.d2n2lep.org/growthplan) or by following [this link](#).

Taking into account the views received we will launch the final D2N2 Growth Plan in the late Spring of 2013, following the scheduled review of LEP Governance.





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