



Derby  
Derbyshire  
Nottingham  
Nottinghamshire

## **D2N2 LEP BOARD**

**Wednesday, 23 October 2013, 2.00pm – 4.00pm**  
Room 4.1 Loxley House (Nottingham City Council) Station  
Street NG2 3NG



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### AGENDA

#### 1. Preliminaries

- |      |   |  |        |       |
|------|---|--|--------|-------|
| 1.1  | Welcome and Introductions                   |  | Verbal | 14.00 |
| 1.2. | Declarations of Interest                    |  | Verbal | 14.05 |
| 1.3. | Minutes of last meeting and matters arising |  | Paper  | 14.10 |

#### 2. Items for decision

- |     |   |               |       |       |
|-----|---|---------------|-------|-------|
| 2.1 | Chief Executive's Report inc:                             | David Ralph   | Paper | 14.15 |
|     | (i) D2N2 Strategic Economic Plan – response to government |               |       |       |
|     | (ii) Low Carbon Action Plan                               |               |       |       |
| 2.2 | D2N2 Assisted Area Status                                 | Matt Wheatley | Paper | 14.40 |

#### 3. Updates for Information

- |     |   |                  |        |       |
|-----|---|------------------|--------|-------|
| 3.1 | Chair's Report                              | Peter Richardson | Paper  | 15.00 |
| 3.2 | Presentation on FE Sector                   | Asha Khemka      | Verbal | 15.10 |
| 3.3 | EU SIF update                               | Matthew Wheatley | Paper  | 15.20 |
| 3.4 | D2N2 Growing Places Fund – Capital Projects | Cllr Jon Collins | Paper  | 15.30 |

#### 4. Standing Items – Updates

- |     |                               |                   |        |       |
|-----|-------------------------------|-------------------|--------|-------|
| 4.1 | D2N2 Enterprise Zone          | Peter Gadsby      | Paper  | 15.40 |
| 4.2 | Local Transport Board         | Cllr Anne Western | Paper  | 15.45 |
| 4.3 | Skills                        | Richard Horsley   | Verbal | 15.50 |
| 4.4 | Unlocking Investment 4 Growth | Peter Gadsby      | Verbal | 15.55 |
| 4.5 | Better Business for all       | Matt Wheatley     | Verbal | 16.00 |

#### 5. Any Other Business

- |     |                         |             |        |       |
|-----|-------------------------|-------------|--------|-------|
| 5a) | Events – Board Away Day | David Ralph | Verbal | 16.05 |
|-----|-------------------------|-------------|--------|-------|

#### 6. Date of next meeting: 3 December 2013, 2-4pm

##### NOTE: confirmation of Boards 2014

- Monday 13 January (10- 12 noon)
- Tuesday 25 March (2- 4 pm)
- Tuesday 3 June (10- 12 noon)
- Thursday 11 September (10 – 12 noon)
- Wednesday 29 October (10 – 12 noon)
- Tuesday 9 December (10 – 12 noon)

*Note: Tea/coffee and light refreshments will be available on arrival.*

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## DRAFT Key Decision / Action Points from Board

### D2N2 LOCAL ENTERPRISE PARTNERSHIP BOARD MEETING

Tuesday 3 September 2013

**Markham Vale Business Centre, Derbyshire**

Chair            Peter Richardson  
Minutes        Sally Hallam

#### **1. Present and Apologies**

##### ***D2N2 Board Members in attendance***

Peter Richardson (Chair)	Derby Renaissance Board
Trevor Fletcher	Hardstaff Group
Richard Horsley	DNCC
Councillor Paul Bayliss	Derby City Council
Councillor Anne Western	Derbyshire County Council
Councillor Alan Rhodes	Nottinghamshire County Council
Professor John Coyne	University of Derby
Liz Fothergill	Business Representative for Derby
Peter Gadsby	Business Representative for Nottingham
Cllr Jon Collins	Nottingham City Council
Cllr Roger Blaney	Newark and Sherwood District Council
Cllr Bob Wheeler	South Derbyshire District Council
Rob Crowder	Rural Community Action Nottinghamshire
Asha Khemka	Principal Vision West Nottinghamshire

##### ***Also in attendance***

George Cowcher	DNCC
Adam Wilkinson	Derby City Council
Ian Stephenson	Derbyshire County Council
Ian Curryer	Nottingham City Council
Mick Burrows	Nottinghamshire County Council
Karen Edmonds	Better Business for All

##### ***Apologies***

Rowena Limb	BIS local
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##### ***Officer Support***

David Ralph	D2N2
Matthew Wheatley	D2N2
Stevie Roden	D2N2
Richard Williams	Derby City Council

Item	What	Who	When
<b>1</b>	<b>Welcome and introductions</b>		
1.1	<p>The Chair welcomed new participants to the Board: Cllr Blaney, Cllr Wheeler attending on behalf of Cllr Burrows, Rob Crowder, Asha Khemka and Liz Fothergill.</p> <p>Congratulations were extended to Ian Stephenson over confirmation of his appointment as DCC Chief Executive.</p> <p>Sally Hallam was introduced as D2N2's new Clerk to the Board. Stevie Roden was introduced as D2N2's Communications Officer, attending to observe.</p> <p>The Chair expressed regret that papers had of necessity been distributed piecemeal on this occasion and stressed the importance of documentation including those from partners being ready and able to be sent out in one batch for future Boards.</p>		
<b>1.2</b>	<b>Declarations of Interest</b>		
	There were no new declarations of interest.		
<b>1.3</b>	<b>Minutes of last meeting and matters arising</b>		
1.3.1	Minutes of the meeting dated 1 July 2013 were approved as a true record.		
1.3.2	In response to a question from Asha Khemka, it was confirmed that no challenge had been made to the phrase 'D2N2 the UK's most inspirational post code' (item 2.2 refers)		
1.3.3	Ian Stephenson reported that in respect of the Ferro Alloys project (item 2.5.2) talks were ongoing and a report would follow in due course		
1.3.4	Cllr Western confirmed that discussions were ongoing with regard to the vacant Derbyshire Business Representative.		
	All other matters arising were covered on the agenda.		
<b>2.</b>	<b>Items for Decision</b>		
<b>2.1</b>	<b>D2N2 Strategic Economic Plan</b>	David Ralph	ASAP /ongoing
	David Ralph gave a presentation on his report outlining the manner and timescale for delivering the Strategic Economic		

Plan across the LEP area. He reminded the Board that this represented phase 2 of work following publication of documents and Growth Plan launch in July.

2.1.1 Nottingham agreed to host the next Chief Executive's meeting prior to the December Board and the invitation would be extended to include the CEs of Newark & Sherwood and Chesterfield on behalf of the Nottinghamshire and Derbyshire District Authorities respectively.

2.1.2 The Board noted the timeline, work plan and key decisions required and AGREED the allocation of roles and responsibilities until July 2014.

**2.2 D2N2 EU Structural and Investment Fund Strategy for 2014 -2020 ("D2N2 EU SIFS")**

2.2.1 Matthew Wheatley introduced a report updating the Board on evidence and findings to support the above and sought decisions to steer the development of a First Draft D2N2 EU SIFS for submission to Government by 7 October 2014. The final submission would be submitted in January 2014.

2.2.2 Board members NOTED consultation and development work to prepare first draft D2N2 EU SIFS.

2.2.3	The Board considered the suggested approach to apportionment of funding by 11 thematic priorities at para 5.3 which also took into account match funding requirements. The emphasis on SME competitiveness, education and low carbon in particular was noted. The Board AGREED that 85% of ERDF Funding should be allocated to thematic priorities 1-4, 15% of ERDF Funding to thematic priorities 5 to 7 and 100% of ESF to thematic priorities 8-11. It was agreed to describe the suggested apportionments to each individual thematic priority as indicative.	Matthew Wheatley/ David Ralph	ASAP
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2.2.4	The Board APPROVED the management scheme option in paras 5.11 – 5.15 subject to the role of the Joint Committee /Economic Prosperity Board / Combined Authority being 'hard coded' into the submission.	Matthew Wheatley/ David Ralph	ASAP
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2.2.5	The Board considered a proposal to allocate up to £19.4m as a D2N2 contribution to a joint LEP financial instrument to improve access to finance for SMEs, subject to identifying	Matthew Wheatley/ David Ralph	ASAP
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appropriate partnership and governance structures and development of suitable financial products. The Board agreed That it would not allocate a sum of money to a Financial Instrument at this time but would allocate sufficient funds to the SME Competitiveness theme to allow D2N2 to participate in a collaborative Financial Instrument if further research and investigation leads to the development of a viable proposition to meet identified need.

- |       |   |                                  |                               |
|-------|---|----------------------------------|-------------------------------|
| 2.2.6 | Specific discussion took place as the Board considered negotiating potential service ‘opt-ins’ with providers. Board were sceptical about the degree of local influence over service provision that ‘opting in’ would bring and therefore expressed caution about the desirability of pursuing the ‘opt ins’. | Matthew Wheatley/<br>David Ralph | ASAP                          |
| 2.2.7 | The Board agreed to receive the First Draft EU Strategy by written procedures at the end of September, after due consideration by LEPOG, to allow for submission before the 7 <sup>th</sup> October.  | LEPOG                            | ASAP to meet October deadline |

**2.3 HS2 Statement of Support**

- |       |  |             |      |
|-------|--|-------------|------|
| 2.3.1 | The Chair sought agreement of the Board to put out a statement reflecting support in general terms for the development of the HS2 line.  |             |      |
| 2.3.2 | The Board AGREED in principle to a statement in support, including:<br><br>a. specific support for a station in the East Midlands<br>b. expressing the need for mitigation works | David Ralph | ASAP |

**2.4 GPF Capital Programme – Agreement of 2 Applications**

- |       |   |  |  |
|-------|---|--|--|
| 2.4.1 | The Board considered a report providing updates on capital projects and confirmed the following resolutions:<br><br>-Progress regarding NEZ was NOTED.<br>-Progress of all GPF projects was NOTED<br>-AGREED that the cost of project-specific due diligence would be borne by the appropriate Accountable Body, with funding available for that. |  |  |
|-------|---|--|--|

### **3. Chair's Report**

3.1 The Chair introduced a report updating members on activity since the last Board, highlighting in particular the recent visit to East Midlands Airport ('EMA') to meet Director, Andy Cliffe. This prompted discussion amongst the group on the importance of the LEP making known its views on the development of EMA going forward, insofar as it impacts D2N2's strategy for the region.

3.2 The Board NOTED the report and feedback and AGREED :

1. to work in support of the airport increasing its economic offer to the wider LEP area
2. to develop an agreed position on aviation policy

David Ralph  
/Infrastructure  
Group

### **4. Standing Items - Updates**

#### **4.1 D2N2 Enterprise Zone**

4.1.1 Peter Gadsby introduced the report on progress with the Enterprise Zone. He highlighted:

1. The Boots contract had been signed off
2. Following an £84,000 contribution from the LEP the implementation of the Medipark proposals for a car park, helipad and employment site was being progressed
3. Beeston Business Park was moving forward subject to approval over mixed use in the forthcoming planning application.
4. Significant developer interest had been received on the Enterprise Zone (names withheld for commercial reasons)

The Board NOTED the progress on Enterprise Zone projects.

#### **4.2 Devolving Local Major Transport Schemes – Local Transport Board**

Cllr Western circulated a paper and introduced a report to update the Board on the work of the Local Transport Board. She apologised for the late circulation.

The Board's attention was drawn to two schemes, namely

A52 Wyvern –Pride Park (maintenance element) and Woodville-Swadlincote Regeneration Route, which had been held back due to lack of funds and which were now to be regarded as a priority for funds when available via the Local Growth Fund.

The Board NOTED the report.

#### **4.3 Skills**

Richard Horsley gave an oral report to the Board, indicating that the next Skills Commission would take place on 12 September. RH and DR would be working together towards launch of the Skills Plan. Discussions were also taking place on how best the Skills Commission might move forward with other parties in the future.

The Board NOTED the report.

#### **4.4 RGF3 – UI4G**

Peter Gadsby gave a brief oral report to the Board indicating that to date there had been applications of a gross project value of £48m, of which £19.9m had been invited to proceed to a full application. To date, 649 jobs had been created and with the current applications it is anticipated that a further 276 will be created.

A full report would follow in due course.

Peter  
Gadsby/EMB

The Board NOTED the report.

#### **4.5 Better Business for All (Bbfa)**

Matthew Wheatley introduced a report to update the Board on the Bbfa programme across the LEP region, the purpose of which was to influence how regulation is delivered to create the conditions to support business growth.

The Board NOTED the report.

### **5.**

#### **Any Other Business**

Events coming up:

1. Better Business for All - 9 October 2013
2. Sustainability Conference – late October 2013
3. Planned Low Carbon Conference with Peterborough

and Cambridge LEP

Dates for 2014 Board meetings would be circulated shortly. Sally Hallam

6.

**Date of next meeting: 2-4 pm, 23 October, 2014**

Venue: Loxley House Nottingham

DRAFT

**D2N2 LOCAL ENTERPRISE PARTNERSHIP  
BOARD REPORT**

<b>DATE:</b>	23 <sup>rd</sup> October 2013
<b>REPORT LEAD:</b>	David Ralph
<b>AGENDA ITEM:</b>	2.1

<b>TITLE:</b>	<b>Chief Executive Officer's Report</b>
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**1. INTRODUCTION**

1.1. This report provides:

- a. An update on progress against the key priorities agreed in the 13/14 Operating Plan – Appendix 1
- b. Response to Government – Strategic Economic Plan (Appendix 2 – to follow separately on Monday 21<sup>st</sup> October)
- c. Working draft of the D2N2 - Low Carbon Action Plan – Appendix 3

**2. RECOMMENDATION**

2.1 Board is asked to AGREE the response to Government for the Strategic Economic Plan and a Board away session on January 10<sup>th</sup> or 12<sup>th</sup>.

**3. Key Actions since last meeting**

- 3.1. **Staffing** – Katrina Woodward has started as D2N2 as Skills Coordinator. Lindsey Allen will be starting on November 25<sup>th</sup> to lead on sector development. Resource for the Enterprise Zone programme is being supplied through NRL Ltd under an SLA
- 3.2. **Raising our Profile and Communications** – as well as agreeing a programme of work with the Derby Tel and Nottingham Posts, we have significantly increased our website presence and visits and the media digest is available and circulated at the meeting
- 3.3. **The EUSIF programme** was submitted, following written procedures approval from the Board and has been received positively by Government.
- 3.4. **Joint Committees** – are progressing in both D2 and N2
- 3.5. **Assisted Area map** – reported elsewhere on the agenda
- 3.6. **Private Sector Board update** – a session with private sector Board members was held on October 14<sup>th</sup>
- 3.7. **LEP Summit** – reported in Chair's paper

#### 4. THE D2N2 13/14 OPERATING PLAN update (Appendix 1)

- 4.1. Appendix 1 includes a review of progress against the 13/14 Operations plan. Priorities moving forward were discussed with Private Sector Board Members last week. They sought particularly emphasis on sector development (particularly biosciences and advanced manufacturing (transport) and construction and affirming infrastructure priorities including opportunities arising from the airport.
- 4.2. Appendix 1 confirms activity across all areas is but highlights the need to develop more quickly sector development and infrastructure priorities including connectivity issues around HS2.

#### 5. LEP update to Government Progress with Strategic Economic Plans – Appendix 2 (to follow)

- 5.1. As part of the submission to Government of the Strategic Economic Plan (SEP) in March 2014, the LEP is required to complete a template to formally update Government by October 25<sup>th</sup>. Further guidance for SEPs is expected to be issued in the next fortnight or so, This is currently being discussed with LEPOG on the 17<sup>th</sup> October and will be circulated to the Board as Item 3 Appendix 2 on Monday 21<sup>st</sup> October. This will be accompanied by a project plan and initial risk assessment.
- 5.2. Following feedback from Government, more detailed guidance and some (theme-based) workshops in November and discussion at the December Board meeting, the first draft of the Strategic Economic Plan will be forwarded to Government before December 19<sup>th</sup> 2013. Through a competitive tender process, we have secured additional support from Ekosgen to provide help with technical submission for the plan. The final plan needs to be submitted by March 2014 with funding flowing from March 2015 and increasingly we will be looking to align EUSIF funding as part of the delivery of the D2N2 Strategic Economic Plan.
- 5.3. As well as theme based workshops – centred around our 4 cornerstones ;
  - i) business support and access to finance
  - ii) Innovation
  - iii) Skills
  - iv) Infrastructure

we are proposing to hold a **workshop on housing** and possibly **economic inclusion**.

We will also be looking to develop workshops with LEPOG on project development, assessment criteria and value for money.

We will have a workshop with the Board on the 10 and or 12<sup>th</sup> January looking particularly at:

- a) the rationale for investment and early investment opportunities
- b) possible freedoms and flexibilities from Government

5.4 I would envisage that, if they are in an appropriate form, the D2 and N2 joint committees should agree/comment on the submission of Strategic Economic Plan in advance of the LEP sign-off at the end of March 2014.

**6. Low Carbon Action Plan – Appendix 3**

6.1 As part of our sector development strategy, we are launching for consultation our low carbon action plan which focuses on three priorities:

- i) Low Carbon Buildings
- ii) Low carbon vehicle emissions
- iii) Support for low carbon SMEs

**David Ralph**  
**Chief Executive Officer**

Appendix 1 - October D2N2 Operations Plan Update

Status	Headline theme	Priorities	What the LEP can do
<p>Green - Governance review completed</p> <p>Board vacancies filled</p> <p>D2 and N2 joint committees progressing</p> <p>Draft Financial Strategy prepared</p>	<p>Effective Working – delivering an effective business model</p>	<p>LEP (and Board) culture: ensuring a commitment to working in an entrepreneurial and effective way.</p>	<p>Positive can do culture</p> <p>Open and informed debate</p> <p>Decisions not deferrals</p> <p>Action and delivery</p> <p>Collective commitment to the LEP achieving its goals</p> <p>Exploit the assets of all stakeholders.</p> <p>Governance Review</p>
<p>Green –</p> <p>Media profile and website rising</p> <p>Profile raising programme agreed with Derby Tel and Nottingham First</p>		<p>Raising the Profile of D2N2 as a ‘Force for Good’</p>	<p>Articulate, sustain and promote the D2N2 its advantages for businesses and talented peoples – Engagement and Comms Plan.</p> <p>Provide a seamless, welcoming, can - do approach to businesses, visitors and individuals coming to the area.</p> <p>Create a clear case for investment from the LEP to national government – theD2N2 Growth Plan</p>
<p>Amber</p> <p>Strong emphasis by Private sector Board members on progressing Infrastructure plan including Broadband</p>	<p>Tackling Barriers to Growth – Focusing on a small number of things</p>	<p>The LEP will identify those issues that constrain business growth and influence others’ resources and plans to remove barriers such as:</p>	<p>Inadequate transport systems (including support for DfT Major Transport Schemes) – <b>Local Transport Body</b></p> <p>Business infrastructure, including, workspace, employment land, and digital communications</p> <p>Adequate and affordable economic</p>

<p>Skills plan and Apprenticeship Growth plan agreed</p> <p>Skills Co-ordinator in post</p>			<p>housing provision Burdensome regulation and red tape Access to finance (for SMEs) Skill mismatches and/or gaps in the workforce – <b>D2N2 Skills Commission</b> Graduate retention /utilisation.</p>
<p>Green</p> <p>Working closely with Inward Investment Agencies to promote offer.</p> <p>Mipim programme agreed</p> <p>Working with Business Support Agencies on improving business support</p>	<p>Maximising our Assets</p>	<p>Supporting ‘key’ businesses</p>	<p>Working closely with those businesses and organisations which are crucial to the future jobs growth and prosperity of the D2N2 area N.B as well as existing major businesses this would also include companies, which have plans to invest in the area and others which are ‘outside but serving’ or mutually interdependent with the area – D2N2 Inward Investment Plan</p>
<p>Amber</p> <p>Sector development particularly in Advanced manufacturing (Planes, Trains and Automobiles) and Construction need developing (quickly)</p> <p>Sector Development manager starts end November</p> <p>Preliminary sector</p>		<p>Growing Key Sectors - support the development of an economy that is genuinely sustainable and resilient,</p>	<p>Focussing on effective implementation plans for: Low Carbon Goods and Services Transport Equipment and Manufacturing Medical/BioScience Food and Drink Manufacturing Construction Visitor Economy</p>

<p>development proposal agreed for:</p> <ul style="list-style-type: none"> <li>• Visitor Economy</li> <li>• Bio-sciences (part)</li> <li>• Food and Drink</li> <li>• Low Carbon – launch November 2013</li> </ul>			
<p>Amber</p> <p>Progress I last two months includes:</p> <p>Tripartite agreement signed</p> <p>MediPark proposal progressing</p> <p>MediCity development proceeding – due to open Nov 13</p> <p>Enterprise Zone marketing plan agreed</p>		<p>Successful Enterprise Zone</p>	<p>Exploit the Enterprise Zone design and implementation to maximise its contribution to jobs and GVA growth across the LEP area. In addition significant opportunities exist in these locations: add priorities</p>
<p>Green</p> <p>First contracts awarded for Ui4G - Further projects in pipeline</p> <p>GPF Round 2 re-launched</p>		<p>RGF and Growing Places Programmes</p>	<p>Unlock Investment Growth Grant Phase 2 of Growing Places</p>
<p>Amber – Need to develop stronger</p>		<p>Supporting Innovation</p>	<p>Establish D2N2 Innovation showcase with HE/FE</p>

Innovation proposal			
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# **D2N2 Low Carbon Plan Consultative Draft**

## **Foreword**

### **To be added by David**

## **Introduction**

This document provides a road map as to how D2N2 will support business and create jobs and training opportunities in the emerging low carbon sector-economic activity that actively seeks to reduce carbon through products and services.

The prospectus outlines the measures that D2N2 will take to position the area to become the home for future “green collar” jobs and businesses. Few if any significant clusters of low carbon businesses have yet developed in the UK, in this embryonic sector which is predicted to grow rapidly in coming years. The D2N2 area has a significant opportunity to build on its existing assets to develop an industry which will be central to both the LEP’s and the UK’s future economy. Developing a low-carbon economy is a way of taking advantage of the need to tackle climate change, fuel poverty and “keeping the lights on”.

Given the remit of LEPs it is important to emphasise that the primary focus of this prospectus is on economic growth, innovation and employment creation in the area of “green collar” jobs. It is not a plan aimed at responding to climate change issues at a local level but does have a role in terms of protecting the economy through enabling business resilience to energy, carbon compliance, and climate disruptions.

The low carbon plan forms a key component of the wider D2N2 economic development strategy and will be the framework against which funding from the Single Local Growth Plan will be secured from Government and future investments will be made.

## **UK Context**

The low carbon sector is currently of key importance to the national economy. According to the CBI<sup>(1)</sup> the low-carbon sector accounted for a third of the total economic growth in the UK during 2011/12<sup>1</sup> and overall it now accounts for nearly 10% of economic activity<sup>(2)</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 now employed in the low-carbon sector, the industry is of greater national significance in terms of employment than the automotive or communications sectors.

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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. In order to meet exacting CO2 emission and renewable energy targets and "keep the lights on", over the coming decade, the UK must generate significant investment into renewing and innovating its energy infrastructure. The implications of these changes are;

- The UK's Energy mix will shift from fossil fuels, such as coal, to more renewable energy sources (wind, solar, marine, hydro-electric etc).
- Private sector investment of £110bn will be accompanied by the creation of 250,000 jobs in "low carbon goods and services sector" <sup>(3)</sup>
- Such a transition will create substantial business market opportunities relating to "creating, saving and storing energy"
- Greater opportunities for on-site and decentralized energy production and distribution with an increased range of energy generators
- An increased level of energy demand reduction in domestic and commercial properties to reduce the strain on capacity, creating new markets for smart energy and appliance systems

In addition low carbon technologies will be at the forefront of profound changes in other aspects of daily life such as transportation. By 2040 virtually none of Europe's new cars will be powered solely by a traditional petrol or diesel engine. The transition towards ultra-low emission vehicles will create "*a once in a lifetime technology change*" and offers UK companies working in low carbon technologies and ultra-low emission propulsion systems a major opportunity to create completely new supply chains; "*Supply chains for the new technologies do not yet exist – strength in previous technologies is no guarantee of the same strength in future*" (4). Sustainable public transport will improve and increase in scale as efforts to decarbonise transport and create a modal shift take place across the region. With this, ICT improvements, enabling real-time data and connectivity for users and integrated transport, will become commonplace.

Natural resource costs are rising. This is particularly impacting on carbon intensive energy, food and logistics businesses. Amongst procurers, there is an increasing push towards resource efficiency, lower embodied energy and lower carbon alternatives in the value chain to limit cost risks, across all product classes and businesses.

The Public Services (Social Value) Act 2012 now *requires* consideration of social and environmental value, alongside economic consideration in many public contracts. This is a sea change towards sustainable procurement, meaning that there is both a benefit to the bottom line and a competitive advantage in winning contracts, for any business moving towards developing low carbon products and business models.

## “Low Carbon”.....“clean technologies”...“cleantech”.....“greentech”.....“environmental industries”

There are a wide range of terms which often get used when referring to this sector. In many ways this is a reflection on terms being “coined” which then become outdated as they no longer embrace the dynamic and fast moving nature of new technological developments.

The term Clean Technology or “Cleantech” is often used especially internationally in connection with the low carbon industrial sector while it also embraces the recent emergence of Information Technology businesses operating at the intersection of energy, building infrastructures, software and data analytics; digitally-enabled products and services that use data and technology to address environmental, energy and resource constraints.

For consistency the Dept. for Business Innovation and Skills definition<sup>(4)</sup> will be used of low carbon goods and environmental services (LCEGS) as being goods or services produced or traded, supply chain activities, R&D and training activities.

Low Carbon Goods and Environmental Services		
Renewables	Low Carbon	Environmental
Biomass, Geothermal, Wave and tidal, Photovoltaic, Hydro, Wind Biofuels	Building Technologies Energy grids Carbon capture and storage Low carbon vehicle technologies Alternative fuels Additional energy sources ICT - Energy data analytics Lower Carbon suppliers	Waste management, Recycling and Recovery Air pollution Environmental Monitoring Contaminated land remediation and reclamation Water Supply and waste treatment

### Quantifying the local Sector

There is relatively little current data available which can be used to assess the scale of the low carbon sector across the D2N2 area.

In the East Midlands there were 62,500 jobs in LCEGS in 2011 which constituted 7% of the overall UK total. The East Midlands share of UK LCEGS employment was similar to East of England, the South West, West Midlands, Yorkshire and Humberside.

Other research studies <sup>(5)</sup> established that there were 452 SMEs in Nottingham and Nottinghamshire working within the low carbon industries employing 7,100 people.

Recent work for Nottinghamshire County Council <sup>(6)</sup> has concluded that based on the distillation of a number of research studies the sub-sectors that appear to be strongest locally within Notts are:

- Building technologies
- Energy management
- Photovoltaic
- Recovery & recycling
- Waste management
- Water supply and waste water treatment

Derby City and Derbyshire County councils are working with Derby University to inform local low-carbon economy policies and to engage local students and business in the low-carbon economy.

However many of the previous research studies are now historic and do not reflect the recent trends which have taken place across the area. A mechanism needs to be developed to accurately measure trends in the development of the Low carbon sector in relation to businesses created, business growth, GVA, employment levels, survival rates.

**Action Point 1-** As part of its plan to measure progress in achieving its Growth Plan objectives, D2N2 will work with the Local Authorities, University Business Schools and Colleges to put in place research mechanisms to capture growth trends in the low carbon goods and environmental services (LCEGS) sector.

## **Action Plan**

To develop this draft plan interviews have been recently undertaken with key business and public sector stakeholders (see Acknowledgements) which have been cross referenced with previous local labour market data and research studies (see Notes). Based on this analysis D2N2 believes it can have the greatest economic impact if it focuses its resources on three specific programme area opportunities;

1. Smart Energy Communities,
2. Low carbon transport technologies and
3. Support for SMEs providing low carbon goods and environmental services.

## **1) Smart Energy Communities**

## Context

Given the increasing uncertainty regarding future energy security and pricing recent research has shown that a key component determining the future economic competitiveness of Cities and Towns will be their future ability to more effectively manage and participate in their own energy infrastructures. The UK Government's energy demand reduction plans together with EPBD EU targets for 'nearly zero-energy' buildings by 2019 will all have major impacts at local level. Equally, this will instigate demand for new products and services, and necessitate a rapid building of capacity in the supply chain.

In the UK we are seeing the start of a transition away from centralised generation to more energy self-sufficient towns and Cities which generate a greater proportion of their own energy through a mixture of renewable sources. Key aspects of this approach will be demand management to reduce consumption and municipal ownership of a localised grid structure.

As a result of this transition the "Smart Energy City or Town" of the future will be:

- Able to secure diverse investment in energy generation and storage technologies
- Insulated against increasing energy prices through ownership and/ or control of its own energy sources
- Able to offer secure, competitively priced, low carbon energy supply and services to its residents and businesses
- An exemplar of integrated low carbon heat, power, waste and transport systems
- A "smart city" where energy flows are planned, mapped and monitored and demand profiles "smoothed" through use of technology and incentives.
- An exemplar of neighbourhood community energy solutions including measures to tackle fuel poverty
- A generator of Heat and power from waste
- A place where local energy supply chains are developed e.g. biomass
- Leaders in the creation of low carbon jobs, industries, services and training opportunities through the harnessing of energy infrastructure investments

(7)

Urban areas will need to develop "whole place" low carbon solutions integrating urban design, and sustainable mobility considerations with decentralised energy systems such as local heat networks or electricity grids and off grid energy systems such as biomass heating, community energy solutions, energy from waste and demand management measures. Ultimately the building stock will be transformed into "micro-power plants" to collect renewable energy on site while the power grid must be digitised and made "intelligent" to handle the intermittent renewable energies being fed to the grid by numerous producers.(8)

## A) Smart Energy Communities – Cities

Nottingham is a case study as to how these concepts are being and will be taken forward at a City level. Nottingham has the UK's largest district heating system and currently generates more energy from low carbon and renewable sources than any other UK city. Nottingham has a strong legacy of heat networks and use of Combined Heat and Power (CHP), in the private, public, health and University sectors totalling 11.45% of energy use within the city

Nottingham aims to reduce its carbon emissions by 26% and generate 20% of its energy requirements from renewable and low carbon sources by 2020 (7).

The City plans to create a "Smart Energy City" power and heat network and demand management strategy which will encompass;

- An expansion of the Nottingham's **district heating network** to form a linked secure network supplying heat and power across the city. Technical work is currently taking place on a Heat strategy master plan identifying preferred options and business cases to secure funding for delivery.
- The future development of **storage capacity** across the city for heat and power will form an integral part of the network, offering greater opportunities to intelligently and efficiently manage demand.
- **The creation of a Nottingham Energy Park**– Chinook Energy will utilising their pioneering technology to convert domestic waste into energy and provide secure, cheaper clean power to the business park and potentially be a vehicle to attract business investment and jobs.
- An energy and utility infrastructure master plan for the **Nottingham Enterprise Zone** which develops a clear understanding of the future operational requirements of the site to ensure the competitiveness of the Enterprise Zone "offer".
- Development of proposals to connect independent Combined Heat and Power Plants **CHP providers** to utilise spare energy capacity generated by businesses and organisations located near to the City's **Enterprise Zone**.
- The creation of "**Community Micro power plants**" across the Cities utilising different forms of neighbourhood-based renewable energy generation. For example solar panels have been installed on 2700 social housing properties on the Aspley estate- the single largest domestic photovoltaic (PV) scheme to be delivered in the UK. The project has also provided green skills training and work experience opportunities to unemployed residents (see later).
- Assessing the feasibility of a **Nottingham Energy Tariff** -a low cost clean, secure energy supply which will not only reduce the incidence of fuel poverty but also give the City a competitive edge in attracting inward investors and supporting indigenous business.
- Area-based domestic **residential and commercial retrofit** schemes to reduce fuel poverty
- A scaleable **energy data platform** which captures, aggregates, analyses and maps patterns in energy demand and supply across the City. Such a platform will utilise crowd sourcing techniques enabling distinct energy communities or user groups to monitor, assess and benchmark their building(s) performance against others and share intelligence to save energy and reduce their carbon emissions.

Potentially such a “Smart Energy City” power and heat network, linked with demand management strategies, can provide a test bed for how Cities, will in future, generate, save and store energy while providing a platform for investment, job creation and an improved environment.

Similarly Derby has an aim in its emerging City-wide Climate Change Strategy that *“Derby is able to reduce its reliance on energy from fossil fuels through a locally generated, diverse, efficient and more secure energy supply”*. The strategy also has an aim that *“residents have homes that enable them to reduce their demand for energy and use energy efficiently”*. The Council is examining the potential for district heating in the city, other decentralised energy

### NEP Energy Services Ltd

NEP Energy Services Ltd was established in 2006 as the social enterprise trading arm of a local charity; providing practical and strategic support in energy use and carbon reduction to households, organisations and communities.

While focussing its work across Nottinghamshire and Derbyshire, NEPes works UK wide. Since NEPes was incorporated it has grown from 3 to 21 staff, supporting a large local supplier and contractor network. NEPes has delivered more than £20m worth of capital projects, supporting over 45,000 homes, saving households more than £10m per year in energy bills. Over the last 3 years NEPes has also supported 30 large public organisations and 70 SMEs, across the UK, to save over £3m per annum and more than 5,400tonnes of CO<sub>2</sub>e through improved resource efficiency.

This growing organisation’s work in sustainable development has been recognised with national, international and global awards.

topics, including engaging with the Energy Technologies Institute’s Smart Systems and Heat Programme. The Local Authority is also keen to explore the potential for uptake of renewables through FITs and RHi at domestic and commercial levels as well as specific home energy/fuel poverty area schemes using intelligence from combining datasets, and utilising funding such as ECO.

Derby City Council has recently made major investments such as the hydroelectric power plant on the River Derwent, near the Council House, which generates about 1.3m kilowatt hours of electricity a year - enough electricity to power the equivalent of 300 homes, while saving over 500 tonnes of CO<sub>2</sub> annually.

### D2N2 Support

Building on such local activity D2N2 will develop an investment programme to ensure that future energy infrastructure investments are harnessed to create “green collar” construction and supply chain jobs business growth and skill development opportunities. In order to achieve this D2N2 will need to have a clear indication as to Local Authority’s investment priorities, timescales and the potential economic returns associated with the respective programmes.

**Action Point 2** -The LEP will provide funding support for both Nottingham and Derby City Councils to take the lead in developing with partner organisations “Smart Energy Communities” prioritised delivery and investment plans for their areas. On the basis of such

**Chinook Sciences Ltd** is a UK technology which has developed a pioneering recycling process which is used to generate clean energy and improves the way in which scrap metals are recovered and recycled. Chinook plans to create a £49 million Energy Park at a site at Bulwell, Nottingham.

The project will create 200 "green collar" jobs and involves the construction of an integrated manufacturing plant, research centre, demonstrator and training facility. Energy will be supplied to businesses on the Energy Park and users in the immediate area.

plans D2N2 will enter a dialogue with the respective Cities to;

- A) Identify which projects the LEP may be able to support
- B) Work with Local Authorities and Investors to create innovative funding mechanisms to support the development of major energy infrastructure investments such as district heating extensions.
- C) Provide capacity and technical support to enable the Local Authorities to secure ERDF, Green Investment Bank and other forms of European funding such as ELENA to support the delivery of their plans
- D) Invest in supply chain events, workshops and business support measures in order to link local businesses to these commercial opportunities (See section 3)

## **B) Smart Energy Communities – Towns and rural areas**

Other sub-regions of the LEP are also developing their own energy plans including low carbon energy supply chain opportunities.

Nottinghamshire’s economy has long been based around the production of energy – historically the North Notts Coalfields was a major employer and today E.ON with 4500 employees is one of the largest private sector employers across the County. The National Grid training site at Eakring, North Notts, is located on a site that was owned by BP and was the first place in the UK where oil was drilled.

Nottinghamshire is at the forefront of developing new forms of “green” energy such as **biomass heating** which is generating a significant supply chain in the growing, processing, manufacture, storage and distribution of wood fuels.

Nottinghamshire County Council has over 70 biomass boiler sites, including 62 of the County’s Schools, the largest portfolio of any local authority in the country. This has created a demand for 2,500 tonnes wood pellets/year which is now being met by Nottinghamshire suppliers.

Nottinghamshire’s **Centre of Renewable Energy (CORE)** boasts the largest willow plantation in the world, which is used by **Strawsons Energy** to supply wood fuel pellets to local biomass customers

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**Hoval** the Newark based biomass boiler manufacturer has experienced growth of 60% during the last 5 years.

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**Lindhurst Innovation Engineers** 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.

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**Alkane Energy**, has developed technologies to extract methane gas from former coal mines which is used to power generators and sell electricity to the national grid

In North Nottinghamshire and Derbyshire former Colliery sites plans are also being developed in to “Energy Parks” as a location for wind and solar energy, methane gas extraction – for example Harworth Estates has recently submitted planning applications to generate three forms of green energy - wind, solar and methane on land at the redundant Bilsthorpe Colliery site.

Local company **Alkane Energy** has developed technologies to extract methane gas from underground mine workings which is then used to power generators and sell electricity to the national grid. Alkane are also developing technology to use warm mine water as a renewable source of heating and cooling at its plant at Markham in Derbyshire.

Nottinghamshire County Council intends to “*Research the scope for former colliery sites to become Energy Parks*” (9). This will involve the County working with owners and developers to draw up plans for Energy Park concepts assess resource implications and potential benefits.

At a community level the growth of the Transition Town movement demonstrates how place-based grassroots economic development can be used to grow more resilient communities across the region. There are at least eight Derbyshire and ten Nottinghamshire Transition groups, for example in Belper, which are working with their local councils, businesses, environmental organisations and educational institutions to deliver more sustainable and resilient integrated resilient enviro-economies.

**Action Point 3** -The LEP will encourage Local Authorities, Communities and businesses working in Towns and rural areas of D2N2 to collaborate to further develop their own “Smart Energy Communities” Plans. Such Plans will assess local current and future energy requirements and local resource opportunities. These Plans will contain practical project proposal by which the adoption of renewable energy sources will be encouraged, low carbon business supply chain opportunities developed and new technologies pioneered, for example the development of supply chains for low carbon fuels and associated commercial models for the purchase and delivery of locally generated energy. Such Plans will be the basis for a dialogue regarding potential financial support from D2N2.

### **c) Smart Energy Communities - Low Energy Buildings**

A key component of Smart Energy Communities will be that of residential and commercial building retrofit energy schemes incorporating apprenticeship training and targeted supply chain initiatives.

#### **Context**

The UK is entering a new era of rising energy prices and increasing fuel poverty.

- 80% of the UK’s current building stock will exist in 2050
- 40% of total energy is consumed by buildings
- Up to 30% of energy consumption is typically wasted
- Target of 15% of UK’s energy to be renewable by 2020
- £8bn p.a. savings potential in UK alone from increasing commercial building efficiency by 20%
- Likelihood of incentives for Electricity Demand Reduction, and increasing use of the “Internet of Things” (IoT) enable appliances for smart home management.

- European directive for energy efficiency and energy demand means buildings have to be close to zero energy by the end of the decade. (Plus UK 2016 zero-carbon buildings target)
- “Low Income High Cost households” account for over 14% of all households in Derby
- Heat is a substantial market with local strengths that is a government priority to de-carbonise and reduce costs to the consumer
- There is a growing demand for sensors controllers and software to monitor, manage and control energy and appliances autonomously and on demand.

## **Retrofit**

Despite recent energy insulation programmes there is still substantial work to be undertaken. For example there are approx. 10,000 solid wall “hard to heat” social housing properties still to be insulated in the City of Nottingham.

Building retrofit programmes have the benefits of improving energy efficiency, tackling fuel poverty reducing carbon emissions and creating jobs. A report produced by Nottingham Energy Partnership <sup>(10)</sup> calculated that in Nottingham alone, a further 800 jobs could be created or retained by 2017 and a further 1,480 during the period 2017-2021 due to the labour intensive nature of such retrofit programmes.

Plans are currently being developed by Nottingham City Council for a “Green Deal” neighbourhood blanket retrofit approach including external solid wall insulation, loft insulation, double glazing. Proactive measures have also been undertaken to ensure contractors employ 35% of their workforce from the Nottingham area on the Nottingham Greener HousiNG11 scheme due to start on the Clifton estate. The City Council has also funded the training of Green Deal Assessors and taken steps to link SME’s to business opportunities through future Green Deal schemes.

Derby City is currently looking to secure an ECO-funding agreement with one of the fuel supplier to carry out extensive solid wall insulation both in social and private sector properties up to March 2015, with the aim to extend into the next phase of ECO. As part of this agreement the City Council is looking to secure partnership arrangements to deliver the Affordable Warmth element of ECO. Derby is looking to build on past work, which has used a variety of funding and partnerships. For example within the city the national Carbon Emission Reduction Target scheme was promoted with the Council working in partnership with Dyson Insulations and Apex Carbon Solutions to install loft insulation to over 1,200 homes and cavity wall insulation to over 650 homes since March 2010.

Improvements were also made through the national Community Energy Saving Programme scheme, which was part funded by Eon. This scheme benefited both social and private sector housing in Derby.

The work on the social housing stock included:

- 622 solid wall insulation installations (458 internal and 164 external).
- 1,390 new central heating installations.
- 1,544 loft insulation installations.
- 265 had solar PV.

And in private sector housing:

- over 200 private households installing external wall insulation, and
- over 80 installing new energy efficient boilers.

Nottingham City Homes has undertaken a number of retrofit programmes to tackle fuel poverty across the City through its “Secure Warm Modern programme”. To date;

- More than 2,600 solid wall properties, across both the social and private sector, are being insulated
- In conjunction with E.ON and NEP external wall insulation has been recently fitted to 350 homes in Bulwell Hall and another 750 across Nottingham.
- Solar panels have been installed on more than 2,300 homes – generating 1.5 gigawatts p/a earning the maximum feed-in-tariff.
- Residents in fuel poverty potentially now save an average of £300 a year
- Procurement systems have been designed to encourage SMEs and local social enterprises to tender.
- Every £1m spent on our Secure Warm Modern programme has generated 21 jobs.
- In addition contractors are required to employ one apprentice for every £1m of contract value;
- The ‘1 in a million’ scheme has so far created 122 apprentices

In addition to domestic properties there is also the need to improve the energy efficiency of commercial premises. New legislative changes which will soon make it illegal to let commercial properties with an EPC rating of F or G – the lowest two grades of energy efficiency. It has been estimated that 20% of all commercial buildings will be unlettable unless landlords upgrade their premises to meet these new minimum standards.

Finally good building stock energy data will be essential to monitor the effectiveness of retrofit programmes in both domestic and commercial sectors.

Fundi

BESPOKE – is an ERDF funded Derby City Council energy efficiency grants and advice scheme that has engaged over 80 businesses, undertaken over 40 energy audits, and awarded a number of grants to SMEs. It has raised awareness of the money, energy and carbon saving potential in local businesses and has highlighted the need for local and innovative solutions to assist this energy efficiency transition.

During a recent consultation exercise there was strong support for EU Funds to be used to speed up delivery of low carbon building energy retrofit programmes. Such activity would support construction jobs, create SME opportunities, innovative technologies and new supply chains. The new ECO funding scheme, via the Utilities, provides an opportunity to retrofit houses at scale and the potential for co-financing with ERDF and leverage of additional benefits.

ECO and Green Deal funding is in its early days, and is currently complex, both in the funding mechanism and delivery channels. However, it does offer opportunities – including if it is matched with other funding. Although ECO funding is by no means straight forward according to Nottingham Energy Partnership a potential ECO-ERDF match funding package, channelled through local agents, could be used to leverage the following benefits:

1. Shortening the value chain between funders and installers to ensure minimum profit take off from intermediaries and maximum delivery of economic benefit to communities and SMEs
2. Strengthening local SMEs competitiveness to win and deliver high value contracts, rather than as subcontractors, being squeezed by national companies to deliver at cut throat margins
  - a. Supporting SME certification e.g. environmental management, H+S quality
  - b. Providing local depots for key sustainable and low carbon products at low wholesale rates, usually only available to large companies
  - c. Supporting access to apprentices, graduates and training to increase capacity to take on and diversify work
  - d. Supporting resource efficiency improvements to cut SME overheads, audits and grants
3. Supporting total place solutions through providing a mixed programme of domestic and non-domestic resource efficiency support on an area based approach, linking homes, workplaces and local social enterprises.
  - a. Developing community plans that include the domestic and non-domestic energy programmes and identifying other community energy resources and assets that could be developed and owned locally by businesses, schools or community groups. Building the market, community planning, initial feasibility, community ownership and linking demand to local suppliers.
  - b. Identify suppliers in each area that could be supported to improve and market their products, to access low carbon supply chains and thus increase market share and create jobs.
  - c. Support local SMEs and social enterprises to improve their resource efficiency; audits and grants.
  - d. Support the auditing and surveying void properties to develop low carbon retrofit solutions and maximise local economic activity.
  - e. Partnership with training providers to offer audits as practical training exercises.
4. Deliver an action learning and needs driven innovation process to work with SME contractors and universities, solving technical problems and generate novel approaches and IP to meet local challenges in technology deployment.

Mansfield-based company, **SpineLock Living**, is pioneering a new system of house building constructed off site, to high engineering standards, with insulation, rainwater harvesting and renewable energy systems incorporated into the design.

SpineLock has already employed 20 additional people at its factory and more jobs will be created as the company expands. Plans are in place to create 300 new jobs over the next three years. SpineLock is also working with local colleges to develop training for the new products and processes

5. Ensure that all low carbon technology and service suppliers in ECO funded programmes are supported to identify potential skills demands and these are linked to local training providers.

**Action Point 4** -D2N2 will work with Local Authorities and relevant organisations from across the LEP area and the Utilities to create a programme of neighbourhood based building retrofit energy schemes incorporating apprenticeship training and targeted supply chain initiatives. A key element of this work will be to create innovative funding packages utilising ECO finance matched with European and other funding sources.

**Action Point 5** -D2N2 will also support measures to build better building energy data models linked to the Smart Energy Communities programme to provide organisations and communities with tools which encourage users to benchmark their data against other organisations and building users and share intelligence on energy saving measures.

## **New build housing developments**

There are positive signs that improving market conditions will soon lead to the construction of a number of new housing schemes – for example a planning application is shortly to be submitted for a £40 million “eco-community” of “green” housing at the Trent Basin site on Nottingham Waterside. The 8 acre development will be the first phase of a wider 25 acre scheme to be developed by Blueprint and the Homes and Communities Agency.

Considerable research has taken place locally and nationally as to how new residential schemes can integrate high quality urban design principles and modern construction methods, such as for example modular construction, with low energy building design, incorporation of renewables, rain water recycling, community energy plants, neighbourhood waste recycling schemes adaptive principles and sustainability principles in relation to access to public transport.

Although the D2N2 will never be a gap funder of housing projects in cases where developers can demonstrate they are incurring additional costs by adopting sustainable principles in their developments and building houses that are fit for purpose and future-proofed from an energy perspective, the LEP will consider supporting elements of such schemes if these can contribute towards D2N2’s low carbon plan objectives.

**Action Point 6** -D2N2 will encourage the adoption of sustainable development principles in new build residential schemes and will target support to capture added benefits relating to the creation of jobs, apprenticeships, training and local supply chain opportunities and the demonstration of low carbon technologies being developed by local businesses.

## 2) Low Carbon Transport Technologies

### National Context

The Government has recently launched a major element of its industrial strategy - *“Driving success – a strategy for growth and sustainability in the UK automotive sector”* <sup>(11)</sup>

By 2040 almost none of Europe's new cars will be powered solely by a traditional petrol or diesel engine. We are about to witness a global shift to ultra-low emission vehicles utilising low carbon technologies and propulsion systems many of which have been developed in the UK. Reducing vehicle carbon dioxide emissions requires major innovations in advanced combustion engine and battery technology together with sustainable and ethical low carbon fuels. Ultimately there is likely to be a shift to fuel cell electric vehicles together with innovations in new materials and manufacturing technologies to reduce vehicle weight.

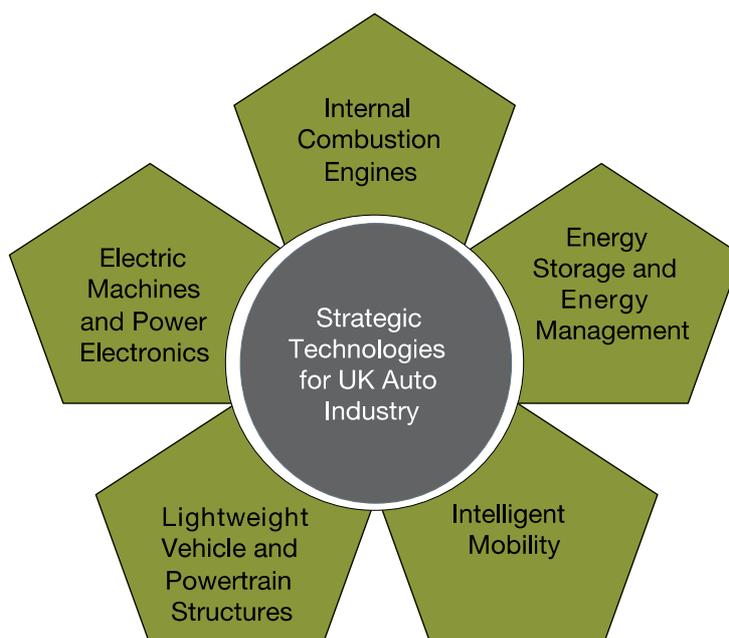
The report argues that the UK can only secure the long term future of its automotive sector by moving ahead of international competitors in research and development (R&D) on ultra-low emission vehicles and growing the UK share of the automotive sector value chain; on average only a third of the parts that go into vehicles currently manufactured here are sourced from within the UK. Locally Rolls Royce has recently been quoted as saying that their local suppliers are nearing capacity and they may in future have to look outside the UK.

Smarter travel will utilise new technologies to enable real-time traffic data and management, as well as a more integrated and flexible transport system.

Key features of this transition will be:

- There is unlikely to be one dominant technology for some time but there are common components that are likely to be a part of all the competing systems such as electric motors and batteries.
- The UK is well positioned to capitalising on its existing comparative strength and experience in design, development and manufacture of powertrains in addition to its world-class specialist capabilities in relevant low carbon technology areas
- Supply chains for the new technologies do not yet exist – strength in previous technologies is no guarantee of the same strength in future

Five strategic technology themes have been identified where the UK could show leadership through specialisation. These include internal combustion engines; electric machines and power electronics; energy storage and energy management; lightweight vehicle and power train structures; and intelligent mobility.



## Local Context

Derby is a leading high-technology city with the highest concentration of advanced manufacturing employment of any city in Great Britain. The presence of Companies like Rolls Royce, Bombardier and Toyota has led to 32,000 people being employed in “planes, trains and automobiles” in and around Derby. Many firms, such as Rolls-Royce, who employ 12,000 people in the City, are already world leaders in the development of energy efficient technologies: *“There is great opportunity for the city to use the expertise it has within this field to embed new technology opportunities within other sectors and reduce energy use throughout the local economy”*. <sup>(12)</sup>

## Global Technology Cluster – “Derby Infinity Park”

Regional Growth Fund support has been secured to create a Global Technology Cluster, at Chellaston, in Derby. This 200 acre development adjacent to Rolls-Royce in Sinfin, to be known as Derby Infinity Park, will be a hub for leading high technology companies from the supply chains of the rail, automotive and aerospace sectors in Derby. The site will be a hot-bed for innovation and world leading technologies, supported by the ‘Engineering Supply Chain Solutions’ organisation. Planning permission for the link road from the A50 to the site has been approved with construction due to start late 2013. The site itself will begin construction in 2014.

The first phase of the project will see the design and construction of a new Innovation Centre, which will accommodate the University of Derby’s Centre for Supply Chain Innovation. It will also provide grow-on and incubation space offering light industrial workshops, offices, training facilities, and spaces for the demonstration of new technologies. D2N2 can support the work of Global Technology Cluster by helping promote and market its offer nationally and internationally, providing technical support and brokering industry collaborations.

It is important to stress that the development of low carbon technologies is not limited to just the Derbyshire area. Chinese motor manufacturer **Changan** has their UK R&D HQ in Nottingham, while **First Auto Works (FAW)**, one of China’s biggest vehicle manufacturers, has recently announced a major collaboration with University of Nottingham to undertake research into low carbon technologies. **ZF Services** is a leading worldwide supplier of drive line and chassis technology while the **Hardstaff Group** at Gotham have invented a “dual fuel” bio methane technology, which significantly reduces the fuel consumption of HGV vehicles and buses. **Intelligent Energy’s**, products such as hydrogen fuel cell technologies are being used by the likes of Suzuki and Boeing, while the **University of Nottingham** is pioneering research programmes in hydrogen fuel cell vehicle technology.

**The Hardstaff Group** is a Road Transport and haulage business which has in recent years become an acknowledged pioneer of dual fuel technology in heavy haulage vehicles in the UK and Europe. Hardstaff's dual fuel solution substitutes around 70% of diesel fuel with natural gas and reduces CO2 emissions by 20% while offering significant fuel savings to fleet operators.

Hardstaff is now working in partnership with major European HGV manufacturers, including Mercedes-Benz, who, consequently, has appointed the Company as a specialist dealer. In addition a new company **Hardstaff AB**, has recently been formed in Gothenburg, Sweden, which installs dual fuel technology on to all new Volvo vehicles.

## **D2N2 Support**

D2N2's objective is to position Derbyshire and Nottinghamshire as a leading UK R&D hub and "go-to" location for low carbon vehicle technology development and manufacturing. As a first step towards achieving this aim D2N2 will undertake the following actions;

**Action Point 7** -Establish a **Low Carbon vehicles technologies Task Force** bringing together key businesses and organisations from across the LEP area to develop a "road map" as to how innovation and commercialisation can be fostered in this sector. The first task of the Task Force will be to map local technology readiness and supply chain strengths and weaknesses.

**Action Point 8** -Work with Derby City Council to support the implementation of the **Global Technology Cluster** and its **Innovation Campus** by helping promote and market its inward investment offer, providing technical support and brokering industrial collaborations.

**Action Point 9** -D2N2 will support the development of proposals for an "**Energy Valley**", **Low Carbon Vehicle Technology Park** at the Hardstaff Group site close to the A453 / M1. This will entail investment to create a Business Park cluster of companies working in low carbon vehicle technology and will include Industrial units, office campus, test bed workshops and training facilities in conjunction with local Universities and Colleges.

**Action Point 10** -Enter into a dialogue with Government to determine how local companies can benefit from the recent announcement regarding the creation of a **new Advanced Propulsion Centre (APC)** to support the development of new supply chains for low carbon vehicles. This Centre will receive £1 billion of Government and Industry investment over the next 10 years. D2N2 will develop a relationship with this project and explore if there is an opportunity for this facility to be based in the LEP area.

**Action Point 11** - Explore the potential for collaborative with other LEP's such as those in the West Midlands to achieve investment programmes that have sufficient critical mass. D2N2 will also liaise with the Automotive Council which has been tasked *"to bring together the key automotive LEPs....to determine strategic priorities for local and regional implementation of the national strategy"*.

**Action Point 12** - Work with the UKTI to build and strengthen our low carbon vehicle technology sector **inward investment profile**

**Action Point 13** -Seek representation on the Advisory Group being established by The Automotive Council and Engineering and Physical Sciences Research Council (EPSRC) *"to align research funding with industry challenges"*.

**Action Point 14** -Provide Innovation support to SME's working in automotive low carbon vehicle technologies (See Section 3)

### **3) Low carbon SME Support**

#### **Context**

According to a recent research undertaken by the Carbon Trust the low carbon economy is a UK success story and accounts for more than £120 billion in annual sales and employs almost 1 million people<sup>(13)</sup>. It has been growing despite the recession with *"over a third of the UK's economic growth in 2011/12 likely to have come from green business"*.

The report argues that such growth is largely due to SMEs, which account for 91.5% of the low carbon sector, and will therefore be critical to the future potential of the low carbon economy. The national Study has also found that;

*"Relative to population size, Derbyshire and Nottinghamshire have a high proportion of low carbon SMEs... Some qualitative interviewees suggested the Derbyshire cluster may have emerged as a hub around Rolls Royce's operations in the area"*

There is anecdotal evidence to suggest that local low carbon companies are increasingly developing their own products which they intend to manufacture in the UK. According to Nick Gostick, Director of Nottingham CleanTech Centre, the barriers to entry for low carbon SME's are being reduced in relation to prototyping, availability of new materials, and access to 3D printers. We may begin to see a move towards "boutique manufacturing" which, when combined with "reshoring", will lead to a growth in the local manufacturing base.

With increasing demand for lower carbon goods and services being driven by sustainable procurement pushing carbon reduction down the value chain there are also many opportunities for local companies to develop lower carbon products to secure a larger market share, creating local jobs and economic activity.

An example of the circular economy provided by NEP is the growth in the remanufactured furniture market. The office furniture industry in the UK is valued at approximately £680 million per year. One local public body, currently looking at sustainable furniture procurement, spends £400k per year on office furniture. The UK market for remanufactured good is still small, at less than 0.5% of the UK market. According to Kentwood, a USA based furniture manufacture -remanufactured furniture accounts for over 9% of total commercial sales of the American furniture industry.

DEFRA has cited the role of an increase market share of reuse and remanufactured furniture in its 2011 review of waste policy <sup>(14)</sup> A supplier who can remove broken furniture and provide remanufactured furniture can usually supply at a fraction of the price of new goods will have a market advantage and probably employing a local workforce to reupholster and refurbish. Lower cost, lower impact remanufactured goods will be increasingly attractive to large organisations locally and wider looking to reduce costs and environmental impacts in their value chain. This process turns waste to profit and improves resource efficiency in the local economy.

**A key component for D2N2's strategy for creating economic growth in this sector must therefore be to focus its support on low carbon SMEs - "the new engine for growth".**

In order to determine what practical actions the LEP can undertake to support local companies, the Carbon Trust national research has been cross-referenced with a series of qualitative interviews of key local intermediaries and a survey of *The GreenTech Business Network* company members. This has led to the following series of findings and proposed actions;

## **1) Finance**

Unsurprisingly access to finance figured, in both local and national research, as the major barrier to business growth;

*“Access to sources of external finance is critical to both fledging start-up businesses and more established micros and SMEs, and timeliness of finance can be a limiting factor in any businesses’ survival and cash position. In 2011, 18% of high growth firms identified funding to be an important barrier to growth” (15)*

Different forms of funding are needed at different points in the business growth cycle;

- Start-up funding for micro businesses – in the case of young entrepreneurs such amounts can be relatively modest
- Funding support for R&D – product development, prototyping, testing, protecting IP
- Business start-up investment from commercial providers
- Expansion finance for established “high growth” SMEs

A number of funding schemes are currently being piloted in the areas. These include the Derby Enterprise Growth Fund, the Global Derbyshire Small Business Support Programme and the Nottingham Technology Grant Fund (N'Tech) the latter of which can provide grants of up to £1 million to Cleantech businesses towards R&D and technology developments that will create employment. Nottinghamshire County Council has also launched a partnership arrangement with Funding Circle, an organisation which directly connects individual investors to business needing investment.

What is emerging is a patch work of differing funding pots which are not available in all parts of the LEP area. It is suggested that D2N2 reviews the progress of such funds and seeks to develop a more collaborative approach where such schemes can be extended both in timescale and geography and made available to all low carbon businesses seeking investment.

**Action Point 15** -D2N2 will monitor the progress of funds such as the Derby Enterprise Growth Fund and the N'Tech Fund in supporting the growth of low carbon companies and extend or replicate these funding pots across the wider LEP area.

A surprisingly high number of companies contacted during work on the low carbon prospectus have previously benefitted from **Technology Strategy Board (TSB)** grant funding to develop their often pioneering low carbon technologies. Such support had proved invaluable in that it was available even to micro companies, funded a proportion of the costs of R&D projects and fostered collaborations with other partners including Universities. However TSB funding is often limited to occasional competition calls around niche technologies and attracts intense competition across the UK.

Not surprisingly there is strong support amongst SMEs for equivalent funding mechanisms to be put in place at the D2N2 area level especially if it can match fund TSB support towards R&D projects. It is felt especially important that SMEs are in a position to procure the support they need, for example through an Innovation voucher scheme, rather than be limited to what happens to be on offer.

Apart from helping indigenous companies to grow, a ladder of funding support may also attract other low carbon companies to the LEP area. The Carbon Trust research found that: *“When asked about what would incentivise them to move, low carbon entrepreneurs valued regional funding opportunities as a determining factor in their choice”*

**Action Point 16** -D2N2 will work with the TSB to put in place a programme of R&D financial support, including potentially an Innovation Voucher scheme, to enable SMEs to develop and commercialise low carbon technologies.

## **2) Technology Demonstration**

One of the key areas where low carbon SMEs would benefit from support is in relation to demonstration opportunities to prove the performance of their technology over time in a working as opposed to a research environment. Test bed opportunities, for example in Universities, enable low carbon SMEs to develop prototypes and gather reference data but there is also the need to show how such prototypes performs under varying “real world” conditions. In-situ testing is a particular challenge with regard to energy efficiency in buildings as there is a well-acknowledge gap between design and build/operational performance.

Various suggestions were made during the research as to how major local public and private bodies might be persuaded to give access to their property estates to trial products and create “an outdoor lab” but it is not clear how feasible these proposals are.

**Action Point 17** -D2N2 will convene a workshop to bring together key individuals and organisations together to discuss the issue of technology demonstration and develop a project proposal which builds on the availability of local facilities in order to create demonstration opportunities for local companies.

## **3) Business Incubation Centres**

In the space of 10 years BioCity, Nottingham has grown to be the largest BioPharma incubator in Europe with over 46 “physical” and 30 “virtual” tenants accommodated in 130,000 Sq. ft. of office and lab space. The BioCity model of offering business accommodation and a range of support services to grow a local cluster of critical mass is equally applicable to the low carbon sector. There is the potential to replicate the BioCity “recipe” via the incremental development of a series of networked Low carbon business centres across the LEP area.

## Nottingham Cleantech Centre

The Nottingham CleanTech Centre was established in 2012 to provide a home for entrepreneurs, start-ups and small companies developing products or businesses relating to all aspects of clean technologies. The Centre is managed through InnTropy, which is run by experienced entrepreneurs with successful business and technology backgrounds.

The Centre provides serviced offices, virtual office packages, meeting rooms and a variety of business mentoring options.

**The Nottingham CleanTech Centre** was established in 2012 and is now nearing full occupancy. The analysis and experiences to date of the Nottingham CleanTech Centre points to the need to provide support to SMEs which goes far beyond just providing business accommodation. The local sector is characterised by small early stage companies or entrepreneurs who need to be ***“guided, trained, helped, networked, financed, mentored and tracked”***.

Evidence suggests that the business environment offered by the Cleantech Centre is greatly valued by tenants as it fosters;

- Peer to peer learning between businesses, for instance with regard to accessing funding
- Supply chain opportunities
- Business collaborations across a diverse range of companies
- Access to business mentoring and guidance via an “Entrepreneur in residence”
- Access to Student interns or Graduate Placements via a scheme managed by the Centre
- The “buzz” of being part of a community and a growing successful sector

There is anecdotal evidence to suggest that increasingly low carbon companies want to locate to buildings with good environmental performance and that small workshop space is increasing in demand again. Access to next stage “grow on space” will be particularly important to ensure a through-put of companies moving through Incubation Centres and releasing space for new business start-ups.

The Nottingham CleanTech Centre is now exploring options for a second centre. In addition **New College Nottingham** has recently announced plans to create a £2.3 million Sustainable Construction Innovation and Enterprise Centre to be built at Basford Hall which will include 12 units for new “green” construction businesses and shared workspace. A new Innovation Centre is proposed, within the **Derby Innovation Hub** at the Global Technology Campus while the Nottinghamshire County Council Growth Plan **will “Support the opening of a new Clean Tech Centre in South West Nottinghamshire”**. **Nottingham Energy Partnership** is currently considering moving to a new building which will have limited space for cleantech businesses while the existing **Markham Environment Centre** also provides accommodation for nine SMEs.

There is enormous scope to link current and future Innovation centres to provide a networked ladder of property accommodation and create economies of scale in relation to low carbon business support activities across the LEP area. In addition such a network of

Incubation Centres can provide placement opportunities with start-ups in incubation environments and encourage young people to consider small innovative companies as a first choice career alternative. Such a model could ultimately provide apprenticeships and real world experience in a small business environment and create a bridge between small companies and FE/HE.

**Action Point 18** -D2N2 will actively support proposal from both public and private sectors to develop Business Incubation Centres catering for low carbon businesses across the LEP area.

#### **4) Networking**

In the Carbon Trust research “Networking” and face to face events was rated amongst SME’s as being of more importance than access to skilled staff. Similarly a survey undertaken of members of the GreenTech Business Network also identified the benefits to SME’s of regular networking meetings in terms of showcasing business success stories, fostering collaborative partnerships and strategic alliances, sharing of good practice and linking companies to support services etc.

A number of networks have functioned in recent years across the LEP area which have proved invaluable in terms of highlighting to local companies the business opportunities emerging across the low carbon sector and providing them with the opportunities where they can meet with their counterparts. However many of these Networks have been dependent on short term funding and have often been time-limited.

**Action Point 19** -D2N2 will review the range of low carbon networks, explore the scope for rationalisation and will support a programme of networking events on the proviso that they cover the LEP area and foster collaborations amongst low carbon SMEs.

#### **5) Research & Development support**

A number of businesses who were interviewed while compiling this study spoke positively about the support they had received from local Universities through projects such as the Future Factory, ETC and Accelerating a Low Carbon Economy. In many cases the technical advice, networks and student placements had been key to the development and commercialisation of their low carbon technology.

A number of new initiatives are currently being developed by the respective Universities who are also collectively working on research to develop D2N2’s wider innovation offer. It is proposed therefore to await the outcome of this work before considering if anything further needs to be put in place in relation to specific local Universities and research institution support services geared to the needs of low carbon companies.

#### **6) Procurement**

A problem often referred to is that local SMEs are not able to access large scale public sector contracts, due to a combination of their size and the complexity and requirements of the tendering processes. This becomes a self-fulfilling prophecy in that SMEs don't tender for such work as they are convinced they stand little chance of winning such contracts.

There is an enormous scope to link SMEs and social enterprises to local procurement opportunities- for example Notts County Council spends approximately £200 million a year in the local economy with 18,000 suppliers, as part of a total £512 million budget

Many Companies also having to respond to supply chain pressures to demonstrate how sustainable their products are in terms of energy efficiency and carbon emissions. The more progressive SMEs are also realising that by embracing sustainable practices this will give them a competitive edge in the market.

Derby City Council is keen to explore local procurement accreditation and an mechanisms to match vendors to procurers and open up new procurement opportunities. A number of imaginative procurement models are currently being developed by organisations such as the Future Factory and Nottingham Energy Partnership to assist SME's to respond to such supply chain pressures and secure contracts. These can involve working with large scale public sector bodies to identify contract opportunities, packaging these into a series of component modules that comply with legislative frameworks and in parallel providing tools and support to SME's to help them develop the necessary competencies to be able to submit successful contract tenders - for example being able to demonstrate Environmental Management Systems compliance. In addition University based organisations such as ETI, ACLE and the Future Factory can offer advice and help in relation to prototyping, product development expertise, quality standards accreditations, student placements and measurement of the carbon footprint of SME's services etc.

Other suggestions include having a "promoting innovation requirement" in local procurement schemes as incorporated in the national SBRI programme.

**Action Point 20** – A number of procurement models and support services are currently being developed by a range of organisations to enable low carbon SMEs to respond to supply chain pressures and successfully tender for major contracts while at the same time helping public sector organisations develop more cost effective and sustainable procurement policies. D2N2 will work with organisations delivering Procurement projects to assess their effectiveness and to determine how such services can be enhanced with the LEP's support.

## Romax Technologies

Romax Technologies provides engineering services and advanced software to 16 of the top 20 automotive companies, and the aerospace rail, and bearing sectors. According to Dr. Poon Romax's founder, growth has been consistent at 20 per cent/annum and is set to increase. *"Six years ago I reoriented the company towards renewable energy – wind turbine and reduction of carbon emissions for vehicles. We are three years ahead of other companies waking up to this market."*

Romax are currently having a new HQ building being built at the University of Nottingham Innovation Park. More than 95% of Romax's business comes from outside the UK, and the workforce is equally international – the UK office plays host to 15 different nationalities.

4energy Ltd, a Nottingham-headquartered company develops low energy cooling hardware and software for building infrastructure in the ICT industry. The systems help protect sensitive electronic equipment from the detrimental effects of temperature fluctuations, reducing the energy and costs used in air conditioning.

4energy has been in existence for seven years and has previously worked with corporate clients including Virgin Media, BT, D-Telekom, China Mobile and Telecom delivering significant energy and cost savings for Data Centres, Telecom Base Stations and server equipment rooms.

4energy now employs approximately 80 people, half of whom are based in the UK and half from its global offices. Exporting is an essential part of 4energy's business as the majority of its revenues are generated from its presence outside of the UK in Germany, Egypt, and China.

### 7) Export

A key finding of the Carbon Trust research is that Low carbon SMEs are almost twice as likely to have export customers as small businesses in other industries; three quarters of low carbon SMEs contacted planned to enter or expand exports to a new market in the next two years. At a local level there are a number of export success stories, for example 95% of Romax's turnover is linked to exports while exporting is an essential part of 4energy's business; the majority of its revenues are generated from its presence outside of the UK in Germany, Egypt, and China.

The UKTI Low Carbon Road show held at East Midlands Airport in October 2012 was a successful event incorporating a familiarisation event and company introductions for International buyers. There is considerable scope to build on this activity.

**Action Point 21** - The LEP will support the work of the UKTI in helping low carbon businesses develop export markets via a series of trade delegations, attendance at exhibitions, introductions to potential overseas buyers etc.

### 8) Celebrating Success –marketing our “offer”

The Nottingham Cleantech Centre recently convened a meeting of low carbon SMEs to discuss how the sector is currently marketed. Such businesses feel there is a complete absence of marketing collateral which celebrates many low carbon business success stories and “sells” our “offer” to both an internal and external inward investment audience. Previous brochures and materials, which are still in circulation, are woefully out of date and reflect badly on D2N2's low carbon credentials.

There is also anecdotal evidence that some established companies felt they received little in the way of public acknowledgement and credit for their contribution in creating jobs for the local area during a period of recession.

**Action Point 22** -D2N2 will, in conjunction with Invest in Nottingham and Invest in Derby, commission the production of a marketing “tool kit” with a focus on celebrating local low carbon SME success stories.

## 9) Low Carbon Skills

Recent research work undertaken by Employer First <sup>(16)</sup> has established that;

- There is no dedicated Low carbon Goods and Environmental Services sector (LCEGS) skills infrastructure. As a result the specific skills demands of these businesses, the majority of whom are SMEs operating in a rapidly evolving market, are insufficiently defined and met.
- The “target driven” approach to skills delivery results in a short-term focus with little consideration given to longer term skills needs.
- The current system does not deliver the skills required by SMEs who find engagement with providers prohibitive and time consuming due to the complexity of the market.
- There is a shortage of supply of skilled workers entering the sector; with SEMTA evidencing issues within LCEGS sub-sectors for example the engineering sector faces a replacement demand of 200,000 over the next 10 years. Businesses face high costs to seek and hire suitably qualified employees due to the mismatch of local skills. Many local Low Carbon businesses, for example have had to recruit from outside the area despite choosing the region for its strong high tech credentials.
- Young people are not choosing Low Carbon careers. A 2011 Association of Colleges survey showed that only 4% of GCSE students were considering a career in engineering and less than 1% in manufacturing. However at a graduate level demand for jobs in this sector appears to be high but candidates find it difficult to gain relevant experience and find secure employment.
- The skills levels of the 25-40 age range are well below national standards defined against OECD international competitiveness levels.

Recent research undertaken by Nottingham City Council has also identified that access to high level skills is at the core of niche growth sector SMEs. One area where there is a particularly emerging shortage is that of people with higher level skills for designing and managing projects.

As a response to these issues Employer First, a not-for-profit employer-owned and employer-led venture, has been established to address the skills and recruitment challenges faced by the Low Carbon Sector across the Derbyshire and Nottinghamshire area. The UK Commission for Employment and Skills (UKCES) has provisionally awarded grant funding

(subject to contract) to Employer First to enable it to work closely with both national and local colleges and training providers to;

1. Develop, in consultation with businesses, a new Low Carbon apprenticeship framework,
2. Connect Low Carbon businesses with schools and increase young people's awareness of and aspirations for the sector,
3. Link local people to Low Carbon jobs and training opportunities
4. Up-skill the existing workforces of Low Carbon businesses.

This is an important national pilot project as it involves working with businesses to define their skills needs. Previously what has been on offer by way of skills training has often been supply-led rather than demand-driven. However, obviously the success of this project will be dependent on the effective engagement of employers. D2N2 will work with Employer First to build employer involvement and "buy-in" to the project.

**Action Point 23** -D2N2 will provide support to Employer First in building employer engagement into the low carbon Skills pilot project.

### **Low Carbon Construction Skills**

Local colleges are gearing up for the training and skill demands of the emerging low carbon sector. New College Nottingham has recently announced plans to create a £2.3 million Sustainable Construction Innovation and Enterprise Centre to be built at Basford Hall. As well as providing skill training in low carbon building technologies" the project will also include 12 units for new "green" construction businesses and shared workspace. Similarly Central College are working with SASIE to develop apprenticeship training programmes in a series of renewable energy related technologies at No 1 Science Park.

A number of issues have been highlighted in relation to low carbon Skill training during the development of this D2N2 Plan;

- 1) In relation to property retrofitting there is lack of a strategic programme focussed approach to project delivery. The transactional nature of "one-off" projects prevents the creation of a visible pipeline of on-going work opportunities which is needed to facilitate the efficient training and recruitment of people in to the low carbon building trades; *"there are lots of projects, but they're boom and bust, so no one will invest in staff or training facilities"*
- 2) SMEs are notorious for not training their staff and when they do it is often inappropriate to their needs. The challenge will be to help employers to better understand and articulate their skills needs, to see the positive fiscal benefits that

training can have on their business and to drive up the standards and responsiveness of training available.

- 3) As D2N2 will in future, have a key role in managing European funding in the region (ERDF & ESF) it can play a role in supporting employer-led skills training to either supplement or enhance the work that Employer First will be undertaking and/or enhance training provision currently available through Colleges or training providers.

D2N2 has a key role to play in supporting the development of an impartial approach to employer engagement in the field of Low carbon skills training, and enhancing training provision via its access to sources of public funding.

## **D2N2 Plan Resourcing**

LEPs have been allocated responsibility to manage the European structural funding Programme 2014 -2020. In the case of D2N2 this amounts to €250 million. From this budget allocation a minimum of 20% must be spent on low carbon project activities according to EU rules. D2N2 will match this European funding allocation from its Single local Growth Fund allocation. This would mean that the LEP had a minimum base budget of circa £85 million between 2014 –2020 to deliver aspects of this Low carbon plan.

This budget would however be supplemented by other funds such as Regional Growth Fund, Growing Places, ECO, private and public sector, HE and FE support and other European funding programmes etc.

## **Next Steps**

In terms of developing this consultative draft plan the following are the proposed next steps;

- 1) The draft Plan will be launched by D2N2 on 6th November at the Low Carbon Employment Conference and then made available for a wider consultation.
- 2) Reference Groups are currently being formed for each of Plan's priority themes
  - Smart Energy Communities,
  - Low Carbon Transport Technology,
  - Support for Low carbon SMEs
- 3) Work to develop programme delivery aspects of plan, targets, indicative projects and timeline for actions will take place with the help of the Reference Groups between November 2013-February2014
- 4) Delivery of a small number of priority projects to begin work November 2013 onwards
- 5) Low Carbon Plan and delivery programme to be submitted as core component of the D2N2 Single Local Growth Fund – March 2014

## **Summary of Action Points**

**Action Point 1-** As part of its plan to measure progress in achieving its Growth Plan objectives, D2N2 will work with the Local Authorities, University Business Schools and Colleges to put in place research mechanisms to capture growth trends in the low carbon goods and environmental services (LCEGS)

**Action Point 2** -The LEP will provide funding support for both Nottingham and Derby City Councils to take the lead in developing with partner organisations “Smart Energy Communities” prioritised delivery and investment plans for their areas. On the basis of such plans D2N2 will enter a dialogue with the respective Cities to;

- Identify which projects the LEP may be able to support
- Work with Local Authorities and Investors to create innovative funding mechanisms to support the development of major energy infrastructure investments such as district heating extensions.

- Provide capacity and technical support to enable the Local Authorities to secure ERDF and other forms of European funding to support the delivery of their plans.
- Invest in supply chain events, workshops and business support measures in order to link local businesses to these commercial opportunities

**Action Point 3** -The LEP will encourage Local Authorities, Communities and businesses working in Towns and rural areas of D2N2 to collaborate to develop their own “Smart Energy Communities” Plans. Such Plans will assess local current and future energy requirements and local resource opportunities. The Plans will contain practical project proposal by which the adoption of renewable energy sources will be encouraged, low carbon business supply chain opportunities developed, new technologies pioneered and will be the basis for a dialogue regarding potential financial support from D2N2

**Action Point 4** -D2N2 will work with Local Authorities and relevant organisations from across the LEP area and the Utilities to create a programme of neighbourhood based building retrofit energy schemes incorporating apprenticeship training and targeted supply chain initiatives. A key element of this work will be to create innovative funding packages utilising ECO finance matched with European funding.

**Action Point 5** -D2N2 will also support measures to build better building energy data models linked to the Smart Energy Communities programme.to provides organisations and communities with tools which encourage users to benchmark their data against other organisations and building users and share intelligence on energy saving measures.

**Action Point 6** -D2N2 will encourage the adoption of sustainable development principles in new build residential schemes and will target support to capture added benefits relating to the creation of jobs, apprenticeship, training and local supply chain opportunities and the demonstration of low carbon technologies being developed by local businesses.

**Action Point 7** -Establish a **Low Carbon vehicles technologies Task Force** bringing together key organisations from across the LEP area to develop a “road map” as to how innovation and commercialisation can be fostered in this sector. The first task of the Task Force will be to map local technology readiness and supply chain strengths and weaknesses.

**Action Point 8** -Work with Derby City Council to support the implementation of the **Global Technology Cluster** and its **Innovation Campus** by helping promote and market its inward investment offer, providing technical support and brokering industrial collaborations.

**Action Point 9** –D2N2 will support the development of proposals for a **Low Carbon Vehicle Technology Park** at the Hardstaff Group site close to the A453 / M1. This will entail investment to create a Business Park cluster of companies working in low carbon vehicle

technology and will include Industrial units, office campus, test bed workshops and training facilities in conjunction with local Universities.

**Action Point 10** -Enter into a dialogue with Government to determine how local companies can benefit from the recent announcement regarding the creation of a **new Advanced Propulsion Centre (APC)** to support the development of new supply chains for low carbon vehicles. This Centre will receive £1 billion of Government and Industry investment over the next 10 years. D2N2 will develop a relationship with this project and explore if there is an opportunity for this facility to be based in the LEP area.

**Action Point 11**- Explore the potential for collaborative with other LEP's such as those in the West Midlands to achieve investment programmes that have sufficient critical mass. D2N2 will also liaise with the Automotive Council which has been tasked "*to bring together the key automotive LEPs...to determine **strategic priorities** for local and regional implementation of the national strategy*".

**Action Point 12** - Work with the UKTI to build and strengthen our low carbon vehicle technology sector **inward investment profile**

**Action Point 13** -Seek representation on the Advisory Group being established by The Automotive Council and Engineering and Physical Sciences Research Council (EPSRC) "*to align research funding with industry challenges*".

**Action Point 14** -Provide Innovation support to SME's working in automotive low carbon vehicle technologies

**Action Point 15** -D2N2 will monitor the progress of funds such as the Derby Enterprise Growth Fund and the NTech fund in supporting the growth of low carbon companies and extend or replicate these funding pots across the wider LEP area.

**Action Point 16** -D2N2 will work with the TSB to put in place a programme of R&D financial support, including potentially an Innovation Voucher scheme, to enable SMEs to develop and commercialise low carbon technologies.

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**Action Point 20** – A number of procurement models and support services are currently being developed by a range of organisations to enable low carbon SMEs to respond to supply chain pressures and successfully tender for major contracts while at the same time helping public sector organisations develop more cost effective and sustainable procurement policies. D2N2 will work with organisations delivering Procurement projects to assess their effectiveness and to determine how such services can be enhanced with the LEP’s support.

**Action Point 21** - The LEP will support the work of the UKTI in helping low carbon businesses develop export markets via a series of trade delegations, attendance at exhibitions, introductions to potential overseas buyers etc.

**Action Point 22** -D2N2 will, in conjunction with Invest in Nottingham and Invest in Derby, commission the production of a marketing “tool kit” with a focus on celebrating local low carbon SME success stories.

**Action Point 23** -D2N2 will provide support to Employer First in building employer engagement into the Low Carbon Skills pilot project.

## Notes

- (1) Colour of Growth’ report from the CBI, published July 2012
- (2) Statistics quoted are from government sources, collected in a report issued by the Green Alliance think tank and published in August 2012.
- (3) UK Energy Bill 2013
- (4) BIS Low Carbon & Environmental Goods and Services Report, July 2011
- (5) The Low Carbon Economy in Nottinghamshire, East Midlands Development Agency
- (6) A Draft Low Carbon Action Plan for Nottinghamshire Sector Fix and Action Plan Nottinghamshire County Council July 2013
- (7) Adapted from Nottingham Energy Strategy 2010
- (8) Nottingham Future Cities Feasibility Study – CleanTech Business Nov 2012
- (9) The Nottinghamshire Growth Plan, Nottinghamshire County Council 2013.
- (10) Local Economic impact study for the Nottingham Energy Strategy -Nottingham Energy Partnership March 2012
- (11) “Driving success – a strategy for growth and sustainability in the UK automotive sector” Department for Business, Innovation & Skills
- (12) Derby Growth Plan, Derby City Council

(13) Low Carbon Entrepreneurs: The New Engines for Growth - The Carbon Trust and Shell  
May 2013

(14) 1 [http://www.remanufacturing.org.uk/pdf/furniture\\_procurement.pdf](http://www.remanufacturing.org.uk/pdf/furniture_procurement.pdf)

(15) Opportunities for the low carbon economy in Derby and Derbyshire, University of Derby  
2013

(16) Employer First Feasibility Study 2012

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**D2N2 LOCAL ENTERPRISE PARTNERSHIP  
BOARD REPORT**

<b>DATE:</b>	23 <sup>rd</sup> October 2013
<b>REPORT LEAD:</b>	Matthew Wheatley
<b>AGENDA ITEM:</b>	2.2

<b>TITLE:</b>	<b>Assisted Area Map 2014-2020 – D2N2 Response to ‘First Stage’ Consultation from BIS</b>
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**1. INTRODUCTION**

- 1.1. At its last meeting, Board received an update on the process by which D2N2 intended to prepare its response to the Government’s ‘first stage’ consultation on the Assisted Area Map 2014-2020.
- 1.2. This paper updates Board on the preparatory work done to date and asks Board to endorse the First Stage Assisted Area Map 2014-2020 Consultation response for submission to Government.

**2. RECOMMENDATION**

- 2.1 Board is asked to;
  1. NOTE consultation and development work to prepare attached draft Assisted Area Map First Stage Consultation Response and the ‘principles for developing the D2N2 response’ at Section 5
  2. Endorse the draft D2N2 Assisted Area Map First Stage Consultation Response (attached as Appendices A, B, D & E)
  3. NOTE the suggested way forward

**3. TASK**

- 3.1 On 31<sup>st</sup> July, Government published its [‘2014-2020 Assisted Area Map. Consultation Stage 1 - Common Principles and Local Intelligence’](#) consultation document. The document outlined how Government would seek to incorporate the initial advice of Local Enterprise Partnerships and other bodies into the development of the 2014-2020 Assisted Area Map.
- 3.2 The first stage of consultation gives LEPS the chance to influence the criteria used to define the areas that should be included on the Map and to provide local intelligence on priorities for Assisted Area status.
- 3.3 The second stage of Consultation will commence in late 2013, and will give LEPS and others the opportunity to comment on an Assisted Area map that Government will develop by drawing on a range of sources including the responses given by LEPS in ‘Stage 1’.

- 3.4 Assisted area status permits the granting of additional financial support (regional aid – a form of state aid) to small businesses and large enterprises to address economic disadvantage. Assisted Area status, by itself, does not provide aid to companies but enables additional financial support to be provided from publicly funded sources, such as the Regional Growth Fund (or its sub-funds), if they are open to businesses in the assisted area. Regional aid is well suited to investing in manufacturing in particular, as well as potentially property development, renovation and regeneration support.
- 3.5 Government has asked for LEP support in identifying those areas of economic opportunity best placed to make ‘*a telling contribution to the local economy*’ as it updates the 2014-2020 UK Assisted Areas Map. It has asked for feedback on its suggested principles for the development of the map (see appendix C) and, crucially LEP views, informed by local intelligence, on which 2011 census wards should be included in the Assisted Area map 2014-2020. Government has asked for feedback for wards to be included in 3 categories;
- a. a list of 2011 census wards with an adjusted population of no more than 297,582, which is 80% of our 2007-2013 Assisted Area adjusted population coverage
  - b. a list of 2011 census wards, building on the above, with an adjusted population of no more than 372,315, which is 100% of our 2007-2013 Assisted Area adjusted population coverage
  - c. a list of 2011 Census wards that contain key economic opportunities but are not within the 80% or 100% population coverage detailed above.
- 3.6 A key focus of the Government consultation has been to encourage LEPs to ensure that assisted area coverage is applied to key economic opportunities. The ‘80%’ and ‘100%’ proposed assisted area maps are required to confirm to [European Commission Guidelines regional State aid for 2014-2020](#). In particular, as detailed in paragraph 168 of the EC Guidelines, they have to cover ‘contiguous areas’ with a resident population of at least 100,000 people. For purposes of setting target levels of population coverage, Government has split the population of the ‘overlap areas’ equally between D2N2 and SCR LEPs. Whilst this may appear equitable, it does make establishing the ‘real’ relative level of population coverage more complex.
- 3.7 The process by which D2N2 has developed its proposed response and the response itself are detailed below.

#### **4. DEVELOPING THE D2N2 RESPONSE TO STAGE 1 OF THE CONSULTATION PROCESS**

- 4.1 A brief report on how the LEP should handle its response was taken to Board in September. The key recommendation of the Board to use economic need as the ‘starting point’ for the development of the D2N2 consultation response has driven its development.
- 4.2 With the technical support of Eksogen Ltd, D2N2 officers developed a consultation document that was circulated to local partners in early September. The document asked for views from partners on the principles suggested by Government and appropriate D2N2 assisted area coverage, in line with the Government’s requirements.

- 4.3 The consultation document included an indicative map of 'economic need' to help inform where assisted area status could apply. Where information was available, wards were assessed on whether they scored higher than the UK average on the four metrics of economic need, applicable at ward level, that were suggested by Government in its 'common principles' document. The 'economic need' map was then drawn for consultation purposes that linked, where practicable, those wards that scored above the UK average on all four criteria of economic need into contiguous areas compliant with the European Commission guidelines. In line with Board advice, the map of 'economic need' was the starting point for the development of the Assisted Area map response.
- 4.4 The key purpose of the local consultation was to understand the location of the key economic opportunities (major employers, established and emerging employment sites) to which assisted area status could be applied to serve the areas of economic need. Very many constructive responses were received from across the D2N2 area and dialogue was held with officers of Sheffield City Region.
- 4.5 Officers met to consider the feedback and develop a D2N2 response. To finalise the proposed map 3 'tests' were applied to the proposed wards / amendments.
1. Does the ward relate to an area of economic need?
  2. Does it include sufficient scale of current or emerging economic opportunity to support development that would benefit an area(s) of economic need?
  3. Does it have a realistic possibility of being joined into contiguous area of at least 100,000 population?
- 4.6 A key finding from the economic need analysis and consultation on economic opportunity is that the pattern of need and opportunity is more dispersed than the coverage of the 2007-13 map would suggest. Therefore, within finite population coverage, there is a challenge to reach consensus around a map that maximises the economic benefits of assisted area status to meet economic need through developing economic opportunities.

## **5. PROPOSED D2N2 RESPONSE & SUPPORTING PRINCIPLES**

- 5.1 To meet the challenge of maximising the benefits of assisted area status for the D2N2 area, and building on the feedback from local partners, D2N2 LEP officers have worked to the five 'principles' detailed below. The outputs of this approach are;
- a) the proposed ward coverage for the D2N2 response mapped at Appendix A and listed as Appendix B.
  - b) The proposed D2N2 response to Government's consultation on the 'principles' for the development of the map at Appendix D.
  - c) The 'long list' of 'other' opportunity wards is included as Appendix E

### ***Principle 1: Serves Areas of Economic Need through Maximising Economic Opportunity***

- 5.2 Whilst, the D2N2 Assisted Area Map has taken as its starting point an understanding of the location of areas of economic need derived through an analysis of the metrics proposed by BIS, it is recognised that occasionally the interests of the local economy and those residents in the areas of economic need can be better served by designating nearby or

readily accessible wards with assisted area status where there may be high number of potentially eligible businesses or emerging business opportunities rather than the area of economic need itself.

- 5.3 This means that assisted area designation can be more efficiently concentrated on areas in which larger number of businesses can benefit rather than ‘washing over’ mostly residential areas or areas with few economic opportunities. The map has been driven by the intention to serve a greater number of areas of economic need by applying assisted area status to more areas of economic opportunity. This has resulted in the proposed map at Appendix A designating wards in 13 different District / Unitary authority areas whereas the 2007-13, which takes the ‘washed over’ approach only covers 10. The proposed map at Appendix A includes key strategic economic opportunities including the Nottingham Enterprise Zone, Markham Vale and Infinity Park, together with other existing or emerging opportunities including Welbeck Colliery, Harworth, Rolls Royce Hucknall, the Lindhurst / MARR / Sherwood Growth Zone, Teal Park and Gedling Colliery in Nottinghamshire, Cotes Park, Heanor Gate Industrial Estate, Shipley Lakeside, Brooke Park, Barlborough Links, Coalite, Waterside, Sheepbridge, Dunston Road, Holmewood, The Avenue, Coney Green Business Park and Castlewood in Derbyshire and key city wards in Derby and Nottingham.

***Principle 2: Assisted Area Coverage Driven by Local Intelligence***

- 5.4 D2N2 has consulted intensely with local partners and the final proposed map has been through a number of iterations, all driven by the feedback and intelligence provided by local partners. It is suggested that BIS uses this local intelligence, sourced and synthesised through LEPs, as the primary driver in its compilation of the 2014-2020 Assisted Area consultation map.

***Principle 3: Maintains a stable level of Population Coverage in D2N2***

- 5.5 Developing a map that meets the needs of areas of economic need by developing areas of economic opportunity would be impossible within the confines of 80% of the 2007-13 Assisted Area population coverage. It would mean that significant areas of economic need would not be addressed and significant economic opportunities not developed. Even within 100% population coverage, population growth, the changed metrics and evolving patterns of need and opportunity would allow very little scope for any residual protection of the current Assisted Area map in line with Principle 4 of the consultation and would leave significant areas of need and opportunity un-met. Moreover, with other neighbouring LEPs proposing higher levels of coverage, proposing lower coverage within D2N2 could leave firms in Derbyshire and Nottinghamshire at a disadvantage and potentially promote ‘boundary hopping’ of firms looking to invest rather than promoting genuinely additional investment across an area of similar economic geography.
- 5.6 The appropriateness of asking LEPs to propose 80% of current population coverage is questioned when the UK permitted Assisted Area population coverage has actually risen by 13.2%. Given the complex pattern of need and opportunity in the D2N2 area, particularly the area’s strong manufacturing heritage and emerging strategic economic opportunities including the Nottingham Enterprise Zone, Markham Vale and Infinity Park ***it is proposed that D2N2 responds with an assisted area proposal with a population coverage***

**increase broadly in line with UK population coverage increase.** This would therefore represent a proportionately stable level of population coverage.

- 5.7 The adjusted population coverage of the proposed map at Appendix A is 423,353, marginally more than the 113.2% coverage of 421,386. Moreover, in real terms and discounting the 'adjusted population' total of 'overlap' district wards, the real level of population coverage of the proposed submission is 506,669 whereas the current population for the 2007-2013 Map area is 508,407 and was 473,820, at the time of the 2001 census.
- 5.8 The recent D2N2 State of the Economy Report highlighted why the D2N2 area particularly needs to maintain a high level of assisted area coverage due to our continuing challenges around productivity and unemployment, particularly youth unemployment. It also illustrates how assisted area designation in D2N2 can be a key policy tool for helping the D2N2 area make a telling contribution to UK growth due to its;
- a) Continuing strength in manufacturing and developing specialisms in 'advanced' manufacturing sectors
  - b) Presence of large, multinational manufacturing firms and their significant local supply chains
  - c) Export intensive economy
  - d) Strong track record in attracting Foreign Direct Investment
  - e) Strategic approach to developing our growth sectors
- 5.9 On this basis, it is suggested that there is no case for a relative reduction in the D2N2 LEP's level of population coverage.

***Principle 4: Aligned with the Submission of Neighbouring LEPs***

- 5.10 D2N2 supports Sheffield City's Region's submission in so far as it relates to the area of overlap. We note Sheffield's submission proposes an enlarged population coverage. For the reasons given above we believe that there is substantive evidence to support a population coverage increase in each LEP area for the 2014-2020 map that is broadly in line with the national increase but are not convinced that there is a case to be made for coverage in a single LEP area that is substantially higher than that. The implication of a LEP achieving a substantially higher proportionate increase is that another LEP would have to have a real terms cut to their allocation of assisted area coverage. Given the location and economies of the LEPs currently with assisted area designations, we do not think that this is an appropriate or equitable approach. We believe that within a broadly proportionate level of increased coverage, taking an approach that focuses on areas of opportunity that serve areas of need, we can extend the benefit of assisted area designation in the D2N2 area.

***Principle 5: Compliant with the Principles and Requirements of the EU and the UK Government***

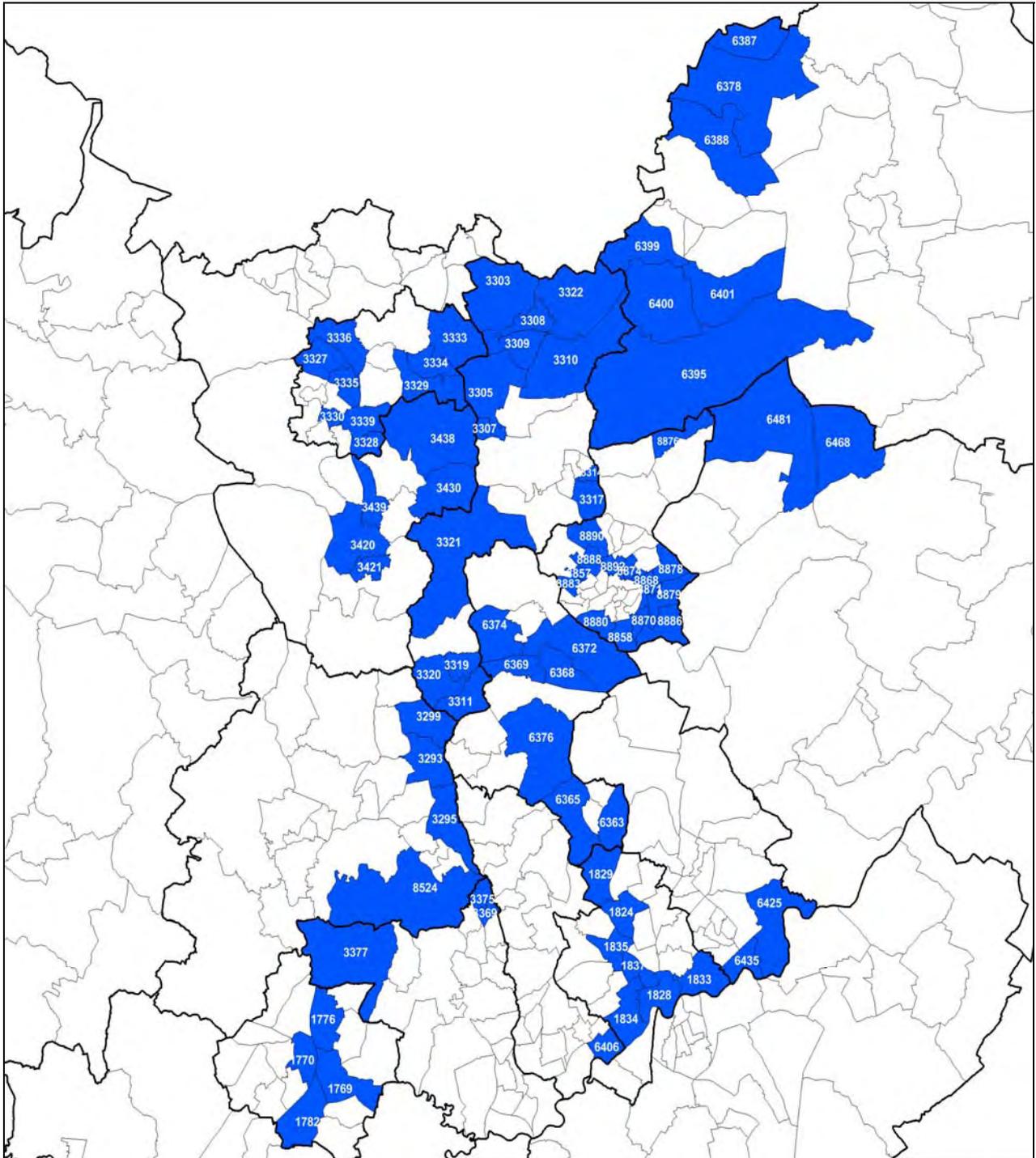
- 5.11 To ensure that the D2N2 response is credible and can be used by BIS to inform the final map, we have sought to comply with the regulations around contiguous area coverage and 'appropriate' shape of the designated area. We have further sought to ensure that we only ask for a share of population coverage that maintains a stable level of coverage in the

D2N2 area. Moreover, by taking a more fine-grained focus to assisted area designation, within this stable level of population coverage we have sought to extend the benefits of assisted area coverage to more areas of economic need and strategic economic opportunity.

## **6. NEXT STEPS**

- 6.1 Should Board sign off the attached response, this will be confirmed to Government. Government may then wish to clarify aspects of our submission before issuing its proposed map for consultation later in the year. It is anticipated that LEPs will then have the opportunity to express views about the proposed coverage. Any further D2N2 response to Government will require approval from Board.

Item 2.2: Appendix A: Map of D2N2 Proposed Assisted Area Coverage 2014-2020



**Item 2.2: Appendix B: Ward List of D2N2 Proposed Assisted Area Coverage 2014-2020**

<b>Local Authority</b>	<b>2011 Ward</b>	<b>Adjusted Population</b>	<i>Real Population</i>
Amber Valley	E05003293: Ironville and Riddings	5,821	23456
Amber Valley	E05003295: Langley Mill and Aldercar	5,405	
Amber Valley	E05003299: Somercotes	6,255	
Amber Valley	E05008524: Shipley Park, Horsley and Horsley W'dh'se	5,975	
<b>TOTAL</b>		<b>23456</b>	
Ashfield	E05006365 : Hucknall West	9,732	62865
Ashfield	E05006368 : Kirkby in Ashfield East	6,613	
Ashfield	E05006369 : Kirkby in Ashfield West	6,951	
Ashfield	E05006372 : Sutton in Ashfield East	12,663	
Ashfield	E05006376 : Woodhouse	7,109	
Ashfield	E05006374 : Sutton in Ashfield West	11,641	
Ashfield	E05006363 : Hucknall East	8,156	
<b>TOTAL</b>		<b>62865</b>	
Bassetlaw	ward011qs:E05006387 : Harworth	3,974	37530
Bassetlaw	ward011qs:E05006400 : Worksop South	3,450	
Bassetlaw	ward011qs:E05006401 : Worksop South East	4,116	
Bassetlaw	ward011qs:E05006378 : Blyth	1,116	
Bassetlaw	ward011qs:E05006398 : Worksop North East	3,095	
Bassetlaw	ward011qs:E05006399 : Worksop North West	3,827	
Bassetlaw	ward011qs:E05006388 : Langold	1,236	
Bassetlaw	ward011qs:E05006395 : Welbeck	1,046	
<b>TOTAL</b>		<b>18765</b>	
Bolsover	ward011qs:E05003305 : Bolsover North West	2,024	52624
Bolsover	ward011qs:E05003307 : Bolsover West	1,890	
Bolsover	ward011qs:E05003310 : Elmtown-with-Creswell	3,107	
Bolsover	ward011qs:E05003311 : Pinxton	2,101	
Bolsover	ward011qs:E05003314 : Shirebrook East	842	
Bolsover	ward011qs:E05003317 : Shirebrook South East	1,079	
Bolsover	ward011qs:E05003321 : Tibshelf	2,420	
Bolsover	ward011qs:E05003303 : Barlborough	1,631	
Bolsover	ward011qs:E05003319 : South Normanton East	2,249	
Bolsover	ward011qs:E05003322 : Whitwell	1,950	
Bolsover	ward011qs:E05003320 : South Normanton West	3,223	
Bolsover	ward011qs:E05003308 : Clowne North	1,996	
Bolsover	ward011qs:E05003309 : Clowne South	1,800	
<b>TOTAL</b>		<b>26312</b>	
Broxtowe	ward011qs:E05006414 : Eastwood South	9,139	14655
Broxtowe	ward011qs:E05006406 : Beeston Rylands	5,516	
<b>TOTAL</b>		<b>14655</b>	
Chesterfield	ward011qs:E05003327 : Dunston	3,152	55282
Chesterfield	ward011qs:E05003329 : Hollingwood and Inkersall	3,847	
Chesterfield	ward011qs:E05003333 : Lowgates and Woodthorpe	2,319	
Chesterfield	ward011qs:E05003334 : Middlecroft and Poolsbrook	2,446	
Chesterfield	ward011qs:E05003335 : Moor	2,180	
Chesterfield	ward011qs:E05003336 : Old Whittington	2,091	
Chesterfield	ward011qs:E05003328 : Hasland	3,308	
Chesterfield	ward011qs:E05003338 : St Helen's	2,282	
Chesterfield	ward011qs:E05003339 : St Leonard's	3,827	
Chesterfield	ward011qs:E05003330 : Holmebrook	2,189	
<b>TOTAL</b>		<b>27641</b>	

Local Authority	2011 Ward	Adjusted Population	Real Population
Derby	ward011qs:E05001769 : Alvaston	16,255	
Derby	ward011qs:E05001770 : Arboretum	18,590	
Derby	ward011qs:E05001782 : Sinfin	15,128	
Derby	ward011qs:E05001776 : Derwent	14,102	
<b>TOTAL</b>		<b>64075</b>	<b>64075</b>
Erewash	ward011qs:E05003369 : Cotmanhay	4,530	
Erewash	ward011qs:E05003375 : Ilkeston North	4,174	
Erewash	ward011qs:E05003377 : Little Eaton and Breadsall	3,616	
<b>TOTAL</b>		<b>12320</b>	<b>12320</b>
Gedling	ward011qs:E05006425 : Burton Joyce and Stoke B'dolph	3,613	3,613
Gedling	ward011qs:E05006435 : Netherfield and Colwick	7,398	7,398
<b>TOTAL</b>		<b>11,011</b>	<b>11,011</b>
Mansfield	ward011qs:E05008868 : Kingsway	3,039	
Mansfield	ward011qs:E05008878 : Newlands	3,189	
Mansfield	ward011qs:E05008883 : Penniment	2,895	
Mansfield	ward011qs:E05008880 : Oakham	2,646	
Mansfield	ward011qs:E05008858 : Berry Hill	2,241	
Mansfield	ward011qs:E05008870 : Lindhurst	2,890	
Mansfield	ward011qs:E05008886 : Ransom Wood	2,690	
Mansfield	ward011qs:E05008871 : Ling Forest	2,627	
Mansfield	ward011qs:E05008876 : Netherfield	2,947	
Mansfield	ward011qs:E05008879 : Oak Tree	2,839	
Mansfield	ward011qs:E05008888 : Sherwood	2,581	
Mansfield	ward011qs:E05008890 : Woodhouse	3,335	
Mansfield	ward011qs:E05008857 : Abbott	2,313	
Mansfield	ward011qs:E05008892 : Yeoman Hill	3,613	
Mansfield	ward011qs:E05008874 : Maun Valley	2,546	
<b>TOTAL</b>		<b>42391</b>	<b>42391</b>
Newark and Sherwood	ward011qs:E05006468 : Boughton	5,038	
Newark and Sherwood	ward011qs:E05006481 : Ollerton	6,512	
<b>TOTAL</b>		<b>16007</b>	<b>16007</b>
North East Derbyshire	ward011qs:E05003420 : Clay Cross North	2,854	
North East Derbyshire	ward011qs:E05003421 : Clay Cross South	1,874	
North East Derbyshire	ward011qs:E05003430 : Holmewood and Heath	1,866	
North East Derbyshire	ward011qs:E05003438 : Sutton	2,038	
North East Derbyshire	ward011qs:E05003439 : Tupton	1,996	
<b>TOTAL</b>		<b>10628</b>	<b>21256</b>
Nottingham	ward011qs:E05001824 : Basford	16,207	
Nottingham	ward011qs:E05001829 : Bulwell	16,157	
Nottingham	ward011qs:E05001835 : Leen Valley	10,702	
Nottingham	ward011qs:E05001828 : Bridge	14,669	
Nottingham	ward011qs:E05001834 : Dunkirk and Lenton	10,920	
Nottingham	ward011qs:E05001837 : Radford and Park	21,414	
<b>TOTAL</b>		<b>106823</b>	<b>106823</b>
<b>GRAND TOTAL</b>		<b>423,353</b>	<b>506,699</b>
<i>Derbyshire</i>		100,357	164,938
<i>Nottinghamshire</i>		152,098	170,863
<i>Derby</i>		64,075	
<i>Nottingham</i>		106,823	

**Item 2.2: Appendix C: Government's Suggested Key Principles for Developing the 2014-2020 Assisted Area Map**

- A1. Government has suggested a number of principles for defining the 2014-2020 map, on which it is seeking views and the addition of 'local intelligence' to prioritise 2011 Census wards for assisted areas status. The 'common principles' are;
- Principle 1: Assisted Areas in the UK should reflect opportunities to support businesses with regional aid in locations that will support the economies of economically disadvantaged places.
  - Principle 2: a combination of quantitative and qualitative economic evidence and intelligence (such as consultation responses), and relevant economic policy considerations should be used by Government to determine a place's relative economic need and economic opportunity in terms of the potential to use regional aid to support economic convergence objectives.
  - Principle 3: In some circumstances, the primary purpose of designating some wards as Assisted Areas may be to link together other wards containing the characteristics sought for Assisted Area status – i.e. significant economic opportunities that could catalyse disadvantaged economies – within a minimum contiguous population (typically 100,000 people).
  - Principle 4: The 2007-2013 Assisted Areas Map should be a material consideration when developing its 2014-2020 successor.
  - Principle 5: Providing eligibility to support large firms with regional aid should be a consideration of the 2014-2020 Assisted Areas Map given there are fewer constraints on Government to support small and medium sized enterprises with capital investment under other forms of state aid.
  - Principle 6: Offering UK public bodies the flexibility to invest regional aid in expanding and developing UK manufacturing should be a key goal when developing the Assisted Areas Map.
  - Principle 7: The metrics of economic need that should be used to inform the Map's development are:
    - a) Low Employment Rate
    - b) Low Skills Rate (level 2 and below)
    - c) High Working Age Benefit Claimant Count Rate
    - d) Low population growth/ net out migration of working age population
    - e) High rates of manufacturing
  - Principle 8 it is proposed that relative economic need will be considered at two spatial scales:
    - 1) at the Local Enterprise Partnership (LEP) level in England, and at the Local Authority (LA) level in Wales and Scotland; and
    - 2) at the potential Assisted Area level or in its constituent wards

## Item 2.2 Appendix D: Comments on the Principles Proposed by Government

**Q: D01: Do you broadly support the principles for developing the 2014-2020 Assisted Areas Map set out in paragraphs 109-116 of the consultation document?**

The D2n2 Local Enterprise Partnership broadly supports the 8 principles proposed by Government.

**Q D02: If there are any principles you do not support, please specify which ones you do not, evidencing why.**

Although the D2N2 Local Enterprise Partnership broadly supports the 8 principles proposed by Government for the collation of the 2014-2020 map, we have a number of comments to inform how Government may seek to apply the principles and formulate the final Assisted Area map.

### **Requirement to Designate 'Contiguous' Areas**

We recognise the requirements for 100,000 minimum population coverage for a 'contiguous' area are set by the European Commission's Regional Aid Guidelines, but we would urge Government to be as flexible as it can be in assessing what comprises a 'contiguous' area. The current Regional Aid Guidelines mitigate against using assisted area status to address rural economic need and opportunity within NUTS3 regions where there are also significant urban settlements taking the NUTS 3 region's population over 100,000. There are wards of need and opportunity in Districts such as the High Peak and Derbyshire Dales and in towns like Newark and Buxton, however linking those wards in to a contiguous 'assisted area' of 100,000 population would mean designation of a number of 'linking wards that would be an inefficient use of limited population coverage given the smaller, but still locally important, scale of the strategic economic opportunities. Further rural transport and accessibility challenges mean that rural 'need' is not always so readily addressed by designating 'nearby' wards for assisted area status as me the case in more urban areas.

D2N2 LEP welcomes the encouragement from BIS to move away from an inefficient 'wash over' approach to assisted area designation towards enabling assisted area status to be concentrated on areas of business opportunity that serve areas of economic need. This enables more districts and strategic economic opportunities to benefit from assisted area status in Derbyshire and Nottinghamshire than has hitherto been the case.

However, in moving towards a more finely targeted approach to assisted area designation, there are further challenges to avoid the creation of 'donuts' and to ensure 'solid' rather than 'point' connections between wards. This again mitigates against the most efficient usage of assisted area status and will lead to some wards being included that have lower levels of need and opportunity than other wards that may have to be omitted simply to comply with requirements about 'shape' and contiguity that don't have a clear economic rationale. We would urge Government to promote maximum flexibility about how LEPs can disperse their assisted area population coverage to enable the greatest number of businesses and strategic economic opportunities to be covered that can serve the areas of greatest economic need.

### **Metrics**

D2N2 LEP understands that the suggested metrics in the 'Common Principles and Local Intelligence' document are not the exact metrics that BIS will use to inform its analysis and that

some of the metrics are not available for CAS 2011 ward boundaries that LEPs are required to use in their responses. Further, whilst local flexibility is welcomed, BIS may need to be mindful that there may be discrepancies between the statistical approach undertaken by different LEPs. Overall however, it is recognised that the suggested metrics can be used to broadly identify a pattern of 'economic need'. However it is strongly suggested that the 'local intelligence', provided by LEPs, about the location of economic opportunities to bring benefits to identified areas of economic need, should be the primary driver for Government's in drawing the 2014-2020 Assisted Area Map.

**Principle 4: The 2007-2013 Assisted Areas Map should be a material consideration when developing its 2014-2020 successor.**

It is recognised, as stipulated by 'Principle 4' that the existing 2007-13 map should be a 'material consideration' for government in developing the revised coverage for 2014 to 2020. However, it is unclear what this means in practice and whether LEPs or the UK Government should 'weight' assessments of need and opportunity towards areas that currently have assisted area status.

D2N2 recognises that patterns of economic need have evolved, but not shifted dramatically over time. Assisted area designation has played an important role in the recent and continuing economic development of many locations currently covered by assisted area designation. However D2N2 has sought to apply assisted area status more efficiently by moving away from a 'washed over' approach towards designating areas of opportunity that relate to area of need. By so doing we have extended the benefits of assisted area designation to more areas than were covered in 2007-13. However this approach does mean that wards currently with assisted area designation, typically those with lower scale of economic opportunity, are recommended to no longer retain that designation. It is suggested that D2N2 would support government offering a level of residual protection to areas recommended for deletion of assisted area status, but not if that protection was at the expense of meeting need or developing opportunity elsewhere within the map as suggested by the LEP. Any level of residual protection for existing areas should be in addition to the LEP's proposed coverage.

## Item 2.2: Appendix E: Additional Wards for Assisted Area consideration

Please note: The following list of wards, based on feedback from local partners and analysis of economic need, indicates to BIS further areas in D2N2 that would benefit from Assisted Area status. No relative priority has been assigned between the wards.

<u>Local Authority</u>	<u>2011 Ward</u>	<u>Adjusted Population</u>	<u>Real Population</u>
Amber Valley	E05003296 : Ripley	8,852	8,852
Amber Valley	E05008523 : Kilburn, Denby and Holbrook	7,346	7,346
Amber Valley	E05003290 : Heanor and Loscoe	5,335	5,335
Ashfield	E05006364 : Hucknall North	6,966	6,966
Ashfield	E05006373 : Sutton in Ashfield North	10,937	10,937
Ashfield	E05006367 : Kirkby in Ashfield Central	7,108	7,108
Bolsover	ward011qs:E05003312 : Pleasley	1,904	3,808
Bolsover	ward011qs:E05003315 : Shirebrook Langwith	979	1,958
Bolsover	ward011qs:E05003304 : Blackwell	2,195	4,390
Bolsover	ward011qs:E05003306 : Bolsover South	1,923	3,846
Bolsover	ward011qs:E05003313 : Scarcliffe	2,082	4,164
Bolsover	ward011qs:E05003316 : Shirebrook North West	1,249	2,498
Bolsover	ward011qs:E05003318 : Shirebrook South West	1,295	2,590
Chesterfield	ward011qs:E05003326 : Brockwell	3,103	6,206
Chesterfield	ward011qs:E05003323 : B'w Hill and New Whitt'ton	2,952	5,904
Derby	ward011qs:E05001778 : Mackworth	14,180	14,180
Derby	ward011qs:E05001780 : Normanton	17,071	17,071
Derbyshire Dales	ward011qs:E05003360 : Matlock All Saints	5,322	10,644
Derbyshire Dales	ward011qs:E05003361 : Matlock St Giles	5,418	10,836
High Peak	ward011qs:E05003399 : Hadfield North	2,003	2,003
High Peak	ward011qs:E05003400 : Hadfield South	4,302	4,302
High Peak	ward011qs:E05003403 : Howard Town	4,171	4,171
High Peak	ward011qs:E05003414 : Tintwistle	2,101	2,101
Newark and Sherwood	ward011qs:E05006467 : Blidworth	4,457	4,457
Newark and Sherwood	ward011qs:E05006470 : Castle	4,507	4,507
Newark and Sherwood	ward011qs:E05006472 : Clipstone	4,665	4,665
Newark and Sherwood	ward011qs:E05006474 : Devon	5,701	5,701
Newark and Sherwood	ward011qs:E05006475 : Edwinstowe	5,188	5,188
Newark and Sherwood	ward011qs:E05006477 : Farnsfield and Bilsthorpe	8,362	8,362
Newark and Sherwood	ward011qs:E05006482 : Rainworth	6,879	6,879
Mansfield	ward011qs:E05008859 : Brick Kiln	3,119	3,119
Mansfield	ward011qs:E05008861 : Bull Farm and Pleasley Hill	3,616	3,616
Mansfield	ward011qs:E05008864 : Grange Farm	2,717	2,717
Mansfield	ward011qs:E05008862 : Carr Bank	3,334	3,334
Nottingham	ward011qs:E05001827 : Bilborough	16,792	16,792
North East Derbyshire	ward011qs:E05003433 : North Wingfield Central	2,863	5,726
North East Derbyshire	ward011qs:E05003437 : Shirland	2,796	5,592
TOTAL		193,790	227,871

**Item 2.2: Appendix F: Assisted Areas coverage in D2N2 2007-2013**

*The following wards (2003 CAS wards) are designated under Article 87(3)(c) from 1 January 2007 to 31 December 2013*

<b>Region</b>	<b>Local Authority</b>	<b>Ward Name</b>
East Midlands	Amber Valley	Somercotes
East Midlands	Ashfield	Hucknall Central
East Midlands	Ashfield	Hucknall East
East Midlands	Ashfield	Hucknall North
East Midlands	Ashfield	Hucknall West
East Midlands	Ashfield	Kirkby in Ashfield Central
East Midlands	Ashfield	Kirkby in Ashfield East
East Midlands	Ashfield	Kirkby in Ashfield West
East Midlands	Ashfield	Sutton in Ashfield Central
East Midlands	Ashfield	Sutton in Ashfield East
East Midlands	Ashfield	Sutton in Ashfield North
East Midlands	Ashfield	Sutton in Ashfield West
East Midlands	Ashfield	Woodhouse
East Midlands	Bassetlaw	Welbeck
East Midlands	Bassetlaw	Worksop East
East Midlands	Bassetlaw	Worksop North
East Midlands	Bassetlaw	Worksop North East
East Midlands	Bassetlaw	Worksop North West
East Midlands	Bassetlaw	Worksop South
East Midlands	Bassetlaw	Worksop South East
East Midlands	Bolsover	Barlborough
East Midlands	Bolsover	Blackwell
East Midlands	Bolsover	Bolsover North West
East Midlands	Bolsover	Bolsover South
East Midlands	Bolsover	Bolsover West
East Midlands	Bolsover	Clowne North
East Midlands	Bolsover	Clowne South
East Midlands	Bolsover	Elmton-with-Creswell
East Midlands	Bolsover	Pinxton
East Midlands	Bolsover	Pleasley
East Midlands	Bolsover	Scarcliffe
East Midlands	Bolsover	Shirebrook East
East Midlands	Bolsover	Shirebrook Langwith
East Midlands	Bolsover	Shirebrook North West
East Midlands	Bolsover	Shirebrook South East
East Midlands	Bolsover	Shirebrook South West
East Midlands	Bolsover	South Normanton East
East Midlands	Bolsover	South Normanton West
East Midlands	Bolsover	Whitwell
East Midlands	Chesterfield	Barrow Hill and New Whittington
East Midlands	Chesterfield	Brimington North
East Midlands	Chesterfield	Brimington South
East Midlands	Chesterfield	Dunston
East Midlands	Chesterfield	Hasland
East Midlands	Chesterfield	Hollingwood and Inkersall
East Midlands	Chesterfield	Lowgates and Woodthorpe
East Midlands	Chesterfield	Middlecroft and Poolsbrook
East Midlands	Chesterfield	Moor
East Midlands	Chesterfield	Old Whittington
East Midlands	Chesterfield	St Helen's
East Midlands	Chesterfield	St Leonard's
East Midlands	Gedling	Newstead
East Midlands	Mansfield	Berry Hill
East Midlands	Mansfield	Birklands
East Midlands	Mansfield	Broomhill
East Midlands	Mansfield	Cumberlands

East Midlands	Mansfield	Eakring
East Midlands	Mansfield	Forest Town East
East Midlands	Mansfield	Forest Town West
East Midlands	Mansfield	Grange Farm
East Midlands	Mansfield	Ladybrook
East Midlands	Mansfield	Leeming
East Midlands	Mansfield	Lindhurst
East Midlands	Mansfield	Meden
East Midlands	Mansfield	Oak Tree
East Midlands	Mansfield	Pleasley Hill
East Midlands	Mansfield	Portland
East Midlands	Mansfield	Priory
East Midlands	Mansfield	Ravensdale
East Midlands	Mansfield	Robin Hood
East Midlands	Mansfield	Sherwood
East Midlands	Newark and Sherwood	Bilthorpe
East Midlands	Newark and Sherwood	Blidworth
East Midlands	Newark and Sherwood	Boughton
East Midlands	Newark and Sherwood	Clipstone
East Midlands	Newark and Sherwood	Edwinstowe
East Midlands	Newark and Sherwood	Ollerton
East Midlands	Newark and Sherwood	Rainworth
East Midlands	North East Derbyshire	Clay Cross North
East Midlands	North East Derbyshire	Clay Cross South
East Midlands	North East Derbyshire	Grassmoor
East Midlands	North East Derbyshire	Holmewood and Heath
East Midlands	North East Derbyshire	North Wingfield Central
East Midlands	North East Derbyshire	Sutton
East Midlands	North East Derbyshire	Tupton
East Midlands	Nottingham UA	Basford
East Midlands	Nottingham UA	Bulwell

**D2N2 LOCAL ENTERPRISE PARTNERSHIP  
BOARD REPORT**

<b>DATE:</b>	23 <sup>rd</sup> October 2013
<b>REPORT LEAD:</b>	Peter Richardson
<b>AGENDA ITEM:</b>	3.1
<b>TITLE:</b>	<b>Chairman's Report</b>

**1. INTRODUCTION**

1.1. The purpose of this report is to update members on my activity since the last Board meeting and report back my key findings.

**2. RECOMMENDATION**

2.1 Board is asked to;

a. NOTE

- i) My feedback regarding the LEP Network Summit
- ii) My recent engagements and upcoming meetings

**3. LEP Network Summit - October 8<sup>th</sup>/9<sup>th</sup>**

The LEP Network Summit, supported by Barclays, comprised a Chairs briefing and dinner event, supported by the '39 LEPs' and a second day of presentations on key LEP issues. The LEP dinner discussed a proposal to 'relaunch' the LEP Network role to the 39 LEPs including an annual contribution from each LEP to service the group.

There was discussion of appointing a senior advocate who would represent all LEPs when Whitehall called. This was generally supported by most LEPS and D2N2 was initially a minority of one refusing to support the initiative. I feel very concerned that a network of 39 LEPs, led in such a way, can advocate effectively in the interests of D2N2 and I feel strongly we should continue to sustain our own advocacy.

This intervention seemed to reveal other LEPS with similar concerns and as a consequence the proposal was not adopted but is being re-drafted. I'd be grateful if D2N2 Board members supported our LEP position right now and we continue to pressure the LEP network to remain a light touch largely administrative support function.

The briefing event presentations were largely given by civil servants due to the reshuffle. I considered the following items were of particular interest.

1) The future relationships between Private / Public partnership and the firm view that government has supporting the required development of Combined Authorities going forward.

2) the Ministerial push on Housing as it inhibits growth and skills acquisition and development . I feel our Growth Plan and the Private Sector input to the Housing issues are currently too light as Ministers are very seized at how Housing can drive Economic growth and believe it is driving the economic revival.

3) Local growth deal funds are largely fed by Transport funds. We can strengthen plans by integrating current transport challenges with fresh innovative thinking on new schemes. Also schemes that improve connectivity / pinch points / town centre support will be welcomed. We need to put scale arguments.

#### **4. TSB**

What Catapults are we working directly with and how much dialogue/joint work and University/Innovation interfacing is taking place in our area. Have we a local list provided by TSB of businesses helped by TSB and how might the TSB assist our plans?

#### **5. Greg Clark MP Cabinet Office and Minister for Cities**

The Government reshuffle gave more responsibility to Greg Clark and his move into Cabinet office recognises the importance of localness.

LEPS should be able to have a single conversation with Government and the Minister is to help coordinate this. Growth Deals will reflect transformational change with a challenge process held locally so deals can be approved not rejected. Heseltine and G Clark work closely and have a shared agenda.

#### **5. Vince Cable MP, Secretary of State**

European Funds and Growth Deals and the link to UK Industrial Strategy with a clear need for a Sectoral approach and the 11 sectoral strategies. LEPS are vital to work into the Industrial strategy, working with Universities and Witty report.

Specifically he is keen to develop the Apprenticeship Brand and it to be employer led and ensure integration of FE colleges to ensure apprenticeships growth is driven strongly.

He considers Business support for this to be very confused and expect LEPS to help integrate local delivery.

#### **6. Engagements**

6.1 Between the last Board meeting and today, I have continued to undertake a number of varied engagements to communicate D2N2's progress, hear the views of business and other parties about D2N2 and feed back to help our Local Enterprise Partnership drive forward economic growth in the area.

Engagements include;

- a. DNCC President's Breakfast (Ruddington)
- b. Declan Curry meeting
- c. Chaired steering group for Better Business for All
- d. Rob Crowder (RCAN)
- e. Cromford Mills reception
- f. Richard Williams meeting
- g. Allen Graham meeting at Rushcliffe Borough Council
- h. Derbyshire Dales DC visit
- i. Bilsthorpe energy meeting
- j. MIPIM meeting
- k. Kate Hunt
- l. Derby College

- m. HCA Chairman's Dinner
- n. LEP Network Chairs Dinner in London
- o. LEP Network all-day Conference in London
- p. DNCC President's Breakfast (Ripley)
- q. Nottinghamshire's Best Business Awards
- r. UI4G Investment Panel
- s. James Blick meeting
- t. SCR LTB meeting in Sheffield
- u. Lee Summersgill - Gleeds
- v. Launch RGF 5 wit Michael Heseltine - Loughborough

## 6.2 Future Engagements:

I have a number of future engagements already scheduled before the Board next meets in early December. They include;

- a. LEP Chairman's Core City Cabinet
- b. Roger Harrison
- c. Speaking at DNCC AGM at Southwell Racecourse
- d. National Low Carbon Conference in Nottingham
- e. Richard Williams
- f. Core Cities Summit
- g. Lord Karan Bilimoria
- h. SCR LTB in Sheffield
- i. Baback Yazdani (Nottingham Business School)
- j. Dene Jones (Lloyd's Banking)

## 7. MEDIA ACTIVITY

7.1 A digest of some of the media coverage since the last Board meeting is available as Appendix A, including the re-launch of our Growing Places Fund.

7.2 The number of unique visitors to our website and page views has been consistently increasing month on month, with the UI4G page seeing a record number of views during August and September and our European Consultation page heavily visited. Unique visitors have increased nearly 3 fold since January (<900 to more than 2500 in July (the Growth plan launch) and August.

7.3 Our first success through UI4G, Street Crane Ltd, has been circulated to the media and a stream of case studies will be announced to the public over the coming weeks after a number of approvals from our Unlocking Investment for Growth programme, helping to further publicise UI4G to potential businesses. This success, as will others, has also been shared with all Local Authorities to ensure they can distribute the information about UI4G to businesses within their boundaries.

**Peter Richardson**  
Chairman

**D2N2 LOCAL ENTERPRISE PARTNERSHIP  
BOARD REPORT**

<b>DATE:</b>	23 <sup>rd</sup> October 2013
<b>REPORT LEAD:</b>	Matthew Wheatley
<b>AGENDA ITEM:</b>	3.3

<b>TITLE:</b>	<b>D2N2 EU Structural and Investment Funds Strategy 2014-2020 - Update</b>
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**1. INTRODUCTION**

- 1.1. This report briefly updates members on progress with the Draft D2N2 Strategy for the distribution of EU Structural and Investment Funds between 2014-2020 (D2N2 EU SIF Strategy).

**2. RECOMMENDATION**

- 2.1 Board is asked to NOTE the progress report.

**3. BACKGROUND**

- 3.1 Board approved the first draft D2N2 EU SIF Strategy by written procedures at the beginning of October to enable its submission to Government on 7<sup>th</sup> October, in line with the deadline set by Government.

- 3.2 Progress with the SIF has been reported to Board on a number of occasions. The draft SIF submitted to Government has been developed in line with direction on key issues and the key principles set by Board and has been supported by a dedicated D2N2 LEP SIF Officer Group, technical support from Ekosgen Ltd and an extensive process of consultation and feedback from partners including thematic events, the circulation of a consultation document and officer consideration of iterations of the draft SIF. The SIF was developed in line with the principles agreed by Board below;

*“The D2N2 EU SIS will;*

- a. cover the whole of the D2N2 area*
- b. deliver the D2N2 Growth Plan 2013-2023*
- c. promote
  - i. flexibility, speed, delivery focus and efficiency in deploying funds*
  - ii. a blend of collaborative, LEP wide and more local approaches to deliver better outcomes*
  - iii. an active role for D2N2 in the management of the programme once launched, particularly in commissioning, decision-making and overseeing the performance of the management authority.”**

**4. NEXT STEPS**

- 4.1 The first draft Strategy has been submitted to Government and formal feedback is expected after the 'National Growth Board' meets on 6<sup>th</sup> November. The final EU SIF Strategy will need to be submitted to Government by the end of January 2014. Thereafter, sign off from the European Commission will be required for the UK / LEPs approach and it is anticipated that this may take a number of months. Therefore, it is not anticipated that D2N2 will be in a position to formally begin delivery of the SIF until later 2014.
- 4.2 Officers have met to begin planning the next steps for the two related work streams;
- a. Strategy – To refine the EU SIF before it is submitted to Government at the end of January 2014, a number of issues will need to be finalised, including;
    - i. Opt ins
    - ii. Governance and Management, including establishing indicative notional allocations at D2 and N2 level
    - iii. Approach to the 'overlap' districts
    - iv. Approach to Community Led Local Development
    - v. Approach to a Collaborative Financial Instrument to improve access to finance for SMEs
    - vi. Any key issues to arise from Government feedback
  - b. Delivery – To ensure that D2N2 is in a position to use the EU SIF funds to deliver projects and programmes of the appropriate focus, scale and impact to efficiently deliver the strategy from an estimated start date of September 2014 D2N2 will need to undertake further work. This will include understanding the effectiveness of current approaches, the potential project 'pipeline', the potential for collaborative / local approaches and, at the right time, encourage local partners to begin developing appropriate projects.
- 4.3 As much of this work will run in parallel with the process for developing, pitching and implementing the D2N2 'Growth Deal', officers will seek to align the arising development and consultation work to strengthen the role of the SIF as a delivery mechanism for the Growth Plan and ensure that the work is undertaken in an efficient and integrated way.
- 4.4 The key decisions to inform the finalisation of the SIF and the development of the delivery approach will be brought back to Board at future meetings. .

Matthew Wheatley

**D2N2 LOCAL ENTERPRISE PARTNERSHIP  
BOARD REPORT**

<b>DATE:</b>	23 <sup>rd</sup> October 2013
<b>REPORT LEAD:</b>	Cllr Jon Collins
<b>AGENDA ITEM:</b>	3.4
<b>TITLE:</b>	<b>D2N2 Growing Places Fund - Capital Projects</b>

## 1. INTRODUCTION

- 1.1 The Board previously agreed that 16 projects, including 3 reserve projects, would be subject to a due diligence (DD) process by Nottingham City Council as the Accountable Body (AB). This paper provides an update on the due diligence process. The report contains information of a confidential nature related to the financial and business affairs of various organisations.

## 2. RECOMMENDATIONS

- 2.1. The Board is asked to:

- 1) Note the progress of all GPF projects.

## 3. GPF PROGRAMME:

### 4.1 BACKGROUND

To date, the Board have approved, in principle, 6 loans totalling £7.675m for the following projects:

- |                               |        |
|-------------------------------|--------|
| • Derby Innovation Campus     | £1m    |
| • Derby Magistrates Court     | £ 515k |
| • Castleward                  | £1m    |
| • Markham Vale                | £2.5m  |
| • Prometheus Developments Ltd | £ 160k |
| • Lindhurst                   | £2.5m  |

## 4. PROJECT UPDATES

- 5.1 The Board is requested to note the progress of the DD, and the status of projects. A tabular summary of the status of all projects is set out in Table 1 below.

### 1) Derby Innovation Campus

The outcome of the scheme's PA1 ERDF application is still awaited; clarity on the decision is hoped for by November. Should DIC be successful in securing ERDF funds, there may no longer be a requirement to secure GPF monies to support the scheme.

### 2) Derby Magistrates Court

The £515,000 loan to Derby City Council was advanced on 27.09.13

### 3) Castleward

The £850,000 loan to Compendium Living was advanced on 26.09.13

**4) Chesterfield Waterside**

The applicant has responded to the DD questions sent September 2012. These are currently under review by the AB's legal and financial consultants.

**5) Markham Vale**

Board approval has previously been granted for a loan of £2.5m. Awaiting confirmation from applicant regarding its State Aid compliance, planning condition and security. SCR funding is also sought for this scheme and their approach to DD and relevant correspondence is being shared with the AB.

**6) Ferro Alloys**

Meeting to be held 17<sup>th</sup> October between project applicant and High Peak Borough Council regarding a revised approach to the project structure.

**7) Guildhall.**

A revised programme and confirmation of JV Heads of Terms are awaited prior to further DD. Heads of terms are broadly agreed between parties.

**8) Muse**

A meeting between Muse and Rolls-Royce is being held on the 23<sup>rd</sup> October in order to agree an approach to the s106 obligations and planning requirements.

**9) Lindhurst**

The applicant is currently following legal advice due to a threat of Judicial Review. The applicant's written presentation has been submitted to court, and the judge's decision regarding whether or not there is a case to answer, will be received in October.

**5. PROGRAMME STATUS**

A summary of the overall funding position is set out below.

An under spend of £6,245,668 has currently been identified.

TABLE 1 – SUMMARY OF GPF PROJECT STATUS

Region	Applicant	Project	Description	GPF Sought/ Project Cost		Financial adjustments (if applicable)	Status	Outputs		Leverage	Spend Approved	Comments	
				Application	Aug 2013			Jobs	Other				
DERBY CITY COUNCIL	University of Derby	Derby Innovation Campus	To create a national centre for engineering supply chain acting as the hub facility in the Global Technology Cluster	2,500,000	1,000,000	Subject to project requiring loan funding	Full DD	112	22 businesses attracted; 490 businesses supported; exports +£23m	1:4.6	1,000,000	LEP Board approved loan in principle at Dec '12 meeting; subject to position of ERDF funding - to be clarified "in the next few months". (07.10.13)	
				13,900,000	10,500,000								
	Scitek Consultants	SCITEK Facilities for Growth	To support relocation + growth of company including extension to its R&D test rig facility.	600,000	600,000		Withdrawn						Alternative funding source secured
				1,700,000	1,700,000								
	SFL	Super Pump Facility	To support the expansion of supply chain activity to SFL near to their new factory by creating 100sq ft factory.	2,500,000	2,500,000		Withdrawn						Indicated preference to continue dialogue with equity investors and fund the project from this source.
				45,000,000	54,000,000								
Derby City Council	Derby Magistrates Court	To create new managed workspace in a prominent but currently derelict listed building in Derby city centre.	515,000	515,000		Loan Advanced	130; 12 construction jobs	30 new businesses; brings derelict listed bldg back into use	1:6	515,000		LEP Board approved loan at Dec '12 meeting. Loan advanced 27.09.13.	
			3,500,000	3,097,202									
Derbys & Notts CoC / DCC	I Cubed E	***Scope to be determined***	2,400,000	2,400,000		Withdrawn						Amended application not received by end of March deadline as required by LEP Board Feb '13. Project assumed withdrawn as of 31.03.13	
			-	-									
Compendium Living	Castleward: Derby	Major transformation project linking city centre to railway station and creating a new urban village.	1,500,000	850,000	Excludes grant for boulevard	Loan Advanced	80 construction - commercial/school / community centre element	Apprenticeships; 800 new homes; new school	1:16	850,000		LEP Board approved loan at Feb '13 meeting. Loan advanced 26.09.13.	
			23,600,000	850,000									Only relates to the land acquisition
DERBYSHIRE COUNTY	Chesterfield Waterside Ltd	Chesterfield Waterside	Development of 'Canal Basin square' the commercial heart of the Waterside scheme. The project will deliver first phase of public realm to unlock the commercial development around the 'canal basin'.	711,000	711,000	SCR GPF £2.4m	Full DD	2500 across whole scheme	1500 housing units; 30,000m <sup>2</sup> employment floorspace			Applicant responded to DD questions sent September '12 on 23.09.13. Undergoing review by external consultants.	
				711,000	711,000								
	Derbyshire County Council	Markham Vale- Seymour Extension	Put in place infrastructure to facilitate the opening up of an additional 33 hectares of land in this Enterprise Zone	2,500,000	2,500,000	Only relates to first phase infrastructure costs not wider devpt	Full DD	350, 3,500 indirect	92,903m <sup>2</sup> ind flr sp; £48,850,000 private sector investment	1:12	2,500,000		Awaiting confirmation that DCC will accept liability for SA, security and longstop date. Offer conditional on SCR funding; outstanding DD awaited.
6,000,000				6,250,000									
Prometheus Developments Ltd	Prometheus Fire Retardant Manufacture	Under the name of 'Phyroxel', Prometheus has developed a range of innovative fire protective and fire retardant materials that are ready to go into production.	175,000	160,000		Loan Advanced	15 FTE in three years	Potential global exports of innovative products		160,000		LEP Board approved loan at Dec '12 meeting. Loan advanced 16.01.13.	
			255,000	160,000									
Glossop Ironworks Holdings	Ferro Alloys	Enabling of economic growth in High Peak by providing much needed 18 units (71,000 sq ft) of flexible industrial floorspace. Part of the designated wider regeneration area supporting Glossop Town Centre	2,498,000	365,000	Addressing remediation, site clearance and planning applications only.	Full DD	192 whole scheme	Enabling of economic growth in High Peak; providing 18 industrial units				Awaiting update regarding meeting held 15 October '13 between project applicant and High Peak Borough Council regarding potential new approach to project structure.	
			2,498,000	365,000									
NOTTINGHAM	Nottingham Regeneration limited	MediPark, Nottingham	To construct an essential 300m flood defence landscaped barrier (c 1.5m tall) and walkway alongside the River Leen in order to protect the proposed Medipark development from potential long term flooding.	250,000	250,000		Withdrawn	1200 jobs, whole scheme	40,000m <sup>2</sup> bioscience accommodation; inc training & research			Rephasing of project being undertaken to reflect project requirements. Potential for NUHT to resubmit a GPF application for a more ambitious enabling scheme, should further funds become available.	
				250,000	250,000								
Sanguine Hospitality Management	The Guildhall Hotel, Nottingham	Conversion of a Grade II listed building into an hotel and restaurant	2,000,000	2,000,000		Full DD	79 Direct; 35 Indirect	Redevelopment of Listed Bldg in commercial heart of Nottm	1:14			Revised programme and confirmation of JV Heads of Terms awaited prior to further DD. Heads of terms broadly agreed between parties.	
			16,000,000	16,000,000									
Mansfield DC	Mansfield Brewery Site Redevelopment	Redevelopment of prominent town centre site formerly occupied by Brewery, comprising site purchase; decontamination works / site preparation and workspace development.	640,000	640,000		Withdrawn						MDC unable to prioritise commitment of internal funds to support project.	
			2,590,000	2,590,000									
Muse Developments Ltd	Rolls Royce Hucknall	Access and infrastructure works for strategic business park development in Hucknall comprising 27.1ha business park and 900 dwelling residential development. Support sought for initial infrastructure and servicing costs.	2,500,000	2,500,000	Only relates to first phase infrastructure costs not wider devpt & now excl £4m RGF funding	Full DD	140 construction; 2204	27.1ha business park; 900 houses	1:3.7			Section 106 contribution to be agreed with Notts County Council and Ashfield District Council. Revised scope of project; programme and repayment model awaited.	
			-	11,800,000									
Synseal Extrusions Ltd	Synseal Extrusion Power Capacity - Warehouse	Enhanced electricity capacity and associated warehouse and racking provision for expansion of established business	1,800,000	1,800,000		Withdrawn						Applicant involved in acquisitions and therefore seeking GPF at this stage inappropriate. Applicant may be interested in potential future funding rounds.	
			1,800,000	1,800,000									
Lindhurst Group	Western Employment Area Mansfield	Providing 4 highway junctions and a primary electricity substation to facilitate the bringing fwd of 5.8ha of employment land. Part of a wider sustainable urban extension (SUE) to the South of Mansfield along the MARR.	2,500,000	2,500,000	Wider scheme £51m	Full DD	1,000	5.8ha employment land; links with FE; 1,700 homes; community park		2,500,000		Threat to project due to potential Judicial Review challenge; legal advice being sought. Written presentation to the judge has been submitted, with a response expected from court in October.	
			3,000,000	4,400,000									
NEZ	Nottinghamshire Enterprise Zone		The Enterprise Zone is comprised of the Alliance Boots site in Beeston and three smaller sites - the Beeston Business Park, the Nottingham Science Park, and the MediPark site at the QMC, which together make up 286 acres (116 hectares)		5,000,000		Active					The suite of legal documents for the Boots Enterprise Zone have now been executed. Work is ongoing and the masterplan will be out for public consultation in September. Work is still on schedule for completion by early 2015.	
					22,000,000								

## SUMMARY OF THE FINANCIAL POSITION OF THE PROGRAMME

7.1 An overview of the current Capital Programme is set out below:

### FINANCIAL STATUS D2N2 GPF PROGRAMME OCTOBER 2013

<b>D2N2 Capital Allocation</b>		£	<b>24,346,668</b>
<b>NEZ Allocation</b>		£	<b>5,000,000</b>
		£	<b>19,346,668</b>

Loans Advanced	£	1,525,000	
Loans Approved	£	6,000,000	
Loans Proposed	£	-	
Projects Under Review	£	5,576,000	
	£	13,101,000	£ 19,346,668
			£ 13,101,000
			£ <b>6,245,668</b>

Funds Unallocated: £ 6,245,668

#### BREAKDOWN:

Proj

No

#### Loans Advanced:

9	Prometheus	£	160,000
4	Derby Magistrates	£	515,000
6	Castleward: Derby	£	850,000
		£	1,525,000

#### Loans Approved:

1	Derby Innovation Campus	£	1,000,000
8	Markham Vale	£	2,500,000
16	Lindhurst	£	2,500,000
		£	6,000,000

#### Projects Under Review:

7	Chesterfield Waterside	£	711,000
10	Ferro Alloys	£	365,000 * tbc
12	Guildhall	£	2,000,000
14	Muse	£	2,500,000
		£	5,576,000

#### Withdrawn Projects

2	Scitek	£	600,000
3	SFL	£	2,500,000
5	I Cubed E	£	2,400,000
11	MediPark	£	250,000
13	Mansfield Brewery	£	640,000
15	Synseal	£	1,800,000
		£	8,190,000

**D2N2 LOCAL ENTERPRISE PARTNERSHIP  
BOARD REPORT**

<b>DATE:</b>	15 <sup>th</sup> October 2013
<b>REPORT LEAD:</b>	Peter Gadsby
<b>AGENDA ITEM:</b>	4.1

<b>TITLE:</b>	<b>Enterprise Zone</b>
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**1. INTRODUCTION**

1.1. This report provides an update on progress with the Enterprise Zone.

**2. RECOMMENDATION**

2.1 Note progress for each site and other updates provided.

**3. PROJECT PROGRESS**

**3.1 MediPark**

3.1.1 Using funds provided by the LEP a feasibility study and costings exercise has been completed. A GPF application for enabling works is now being prepared for submission to the LEP in October 2013. The land transfer to the NUHT framework contractor partner (Interserve) is expected to be completed by the end of the year. A planning application for the car park/helipad is to be submitted Q4 2013 with the Phase 1 MediPark application planned to follow in 2014.

**3.2 Science Park**

3.2.1 The site is being actively marketed by Blueprint – development is dependent upon an occupier being identified as institutional investors will not support speculative development in the current market. The LEP is working with Invest in Nottingham to identify potential interest.

**3.3 Beeston Business Park**

3.3.1 The new owners M7 have produced a revised site masterplan which includes a range of uses including a business centre, a mix of B1, B2/ B8 buildings, some ancillary retail units and approximately 250 residential units. The owners have indicated that the scheme is financially viable and it has received broad support from Broxtowe Borough Council. A planning application for the revised master plan is to be submitted Q4 2013.

**3.4 Alliance Boots**

3.4.1 The JVCo has been incorporated and first Board Meeting held. A successful public consultation exercise on the masterplan was undertaken in September 2013. The MediCity

refurbishment at D6 is complete – an opening week of events is planned for October/ November. The costs of the total infrastructure package to enable delivery of the key development sites is currently being reviewed by Gleeds and market tested on behalf of the LEP.

#### **4. COMMUNICATIONS**

- 4.1.1 Communications sub group is meeting 12<sup>th</sup> November 2013 to plan next phase of activity
- 4.1.2 Aerial photography of the sites has been completed and copies are available for use as promotional material by the site owners and their advisors.
- 4.1.3 Pre-production for a promotional video has commenced.
- 4.1.4 A joint promotion of MediCity news has been agreed with the marketing steering group.

#### **5. ENTERPRISE ZONE £100 MILLION CAPITAL GRANT FUND**

- 5.1.1 Following the announcement by government of additional grant funding to assist the deliverability of the Enterprise Zones across the country, an application for circa £11million is being prepared to support infrastructure including off-site highway works, access improvements, broadband and remediation works, to enhance the market attraction of all 4 sites within the Nottingham Enterprise Zone.

#### **6. ENTERPRISE ZONE PROGRAMME MANAGEMENT**

- 6.1.1 Nottingham Regeneration Limited has recently been appointed to undertake the Enterprise Zone programme management role on behalf of D2N2 for 2013-15.

Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership

Board Meeting

AGENDA ITEM 4.2

## Local Transport Body

**Purpose of Report** To update the Board on the work of the D2N2 Local Transport Body (LTB) on infrastructure planning.

### Information and Analysis

#### Devolved Funding for Major Transport Schemes

As reported previously to the Board, some funding for 'major' local transport schemes for the period 2015-16 to 2018-19 has been made available in advance of the Growth Deal. D2N2 will receive £31.2 million, and the LTB at its July meeting agreed the following allocation to schemes:

<b>Scheme</b>	<b>Promoting Authority (City or County Council)</b>	<b>LTB Contribution (£m)</b>	<b>Local Contribution (£m)</b>
A52 Wyvern-Pride Park	Derby	6.7	3.35
Southern Growth Corridor	Nottingham	6.1	3.06
Gedling Access Road	Nottinghamshire	10.8	5.4
A61 Whittington Moor Roundabout	Derbyshire	3.24	1.62
A57/A60 Worksop Roundabout	Nottinghamshire	1.83	0.91
Seymour Link, Markham Vale	Derbyshire	2.52	1.26

For the last two schemes within this table a contribution is also sought from Sheffield City Region. Recent re-modelling of schemes has improved the prospects of reaching an agreement, but discussions are ongoing. The Board also agreed that on receipt of further resources through the Growth Deal it would wish to give priority to the A52 Wyvern-Pride Park maintenance element (Derby City) and Woodville-Swadlincote Regeneration Route (Derbyshire County).

Work is currently being commissioned to provide advice on management of the agreed programme, incorporating issues such as business case and gateway review requirements for schemes and how variations from estimated costs will be handled. There is also a requirement to consult on the agreed programme. This work forms Part 3 of the Assurance Framework provided to Government, Parts 1 and 2 having already been approved and dealing with governance and scheme prioritisation.

### **Infrastructure Planning Within the Growth Deal**

A challenge facing all LEPs and partners under the Growth Deal is that of determining the best use of resources across the full range of potential infrastructure projects capable of delivering economic growth. This requires comparable business cases for projects within fields including transport, broadband delivery, flood alleviation and site preparation and access, and with a broad range of costs and impacts. In order to provide Government with assurance of a robust approach to this, required as an input to the Strategic Economic Plan, specialist advice is being sought on appraisal methodology.

### **High Speed Rail (HS2)**

The LEP has already expressed its unequivocal support for the earliest possible delivery of HS2 and the provision of a station in the East Midlands. There are currently a number of studies being undertaken into the project involving D2N2 authorities and neighbours, on issues such as station location and connectivity and the relationship of HS2 to 'classic' rail services. The LTB at its next meeting (see below) will receive an update on these and consider options for further joint work.

### **Aviation Strategy**

Work is to be commissioned to draft a strategy for the D2N2 area, drawing upon evidence of the role of air passenger travel and freight in the local economy, and examining connectivity to airports.

An LTB meeting is being arranged, provisionally for 18 November, at which all the above will form agenda items.