

Meeting **JOINT COMMITTEE ON STRATEGIC PLANNING AND TRANSPORT**

Date **24 JUNE 2011** **Agenda item number**

From **JOINT OFFICER STEERING GROUP**

Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership, Enterprise Zones and Regional Growth Fund bids

Summary

- 1 This report summarises the latest situation regarding the Local Enterprise Partnership, Enterprise Zones and Regional Growth Fund bids.

Background

- 2 This report follows on from a Joint Committee Report on 10th September 2010.

Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership (LEP)

- 3 In response to the Government's call for LEP proposals, the Leaders of Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council agreed to work together to submit a joint proposal for both counties and cities, representing a functional economic area. This joint proposal, submitted on the 3rd September, was strongly supported by the three universities (Derby University, Nottingham University and Nottingham Trent University), along with the Chamber of Commerce and more than 140 local businesses.
- 4 On the 28th October 2010 the Government gave the 'green light' to the D2N2 LEP to form a Shadow Board. It is within the first round of 24 Local Enterprise Partnerships to be approved alongside nearby proposals in Leicester and Leicestershire, Lincolnshire, Sheffield City Region, Greater Manchester and Stoke and Staffordshire. The D2N2 proposal was praised for its level of business engagement and support.
- 5 The D2N2 Local Enterprise Partnership proposal identified the following ways by which it may seek to make a contribution to economic growth:
 - Build on shared advantages in internationally competitive science, manufacturing, engineering and creative industries, to drive productivity growth as we develop a low carbon economy.
 - Develop our distinctive cultural, leisure, sport and tourism offer to world class standards.

- Ensure that the benefits of sustainable economic growth are shared across our cities, towns and rural communities.
 - Develop our skills, building on the strengths and reputation of our first rate Further Education and Higher Education sector, that will meet and drive up employers' current and future skills demands.
 - Continue to secure investment in regeneration and infrastructure projects to stimulate private sector growth.
- 6 The proposal gave a commitment to establishing governance arrangements that are functional and lean. Local authority partners also gave a commitment to review and rationalise existing separate governance arrangements in the future.
- 7 The LEP will not be a direct deliverer of economic development services, but will provide a framework for delivery by a range of organisations across all sectors. It is expected to do so by:
- Being a strong influential voice for the area and a conduit between the Government and our area.
 - Providing an integrated framework for, and leading on, targeted interventions to boost private sector growth across priority sectors with potential.
 - Ensuring that all of our interventions help to deliver investment and reduce the area's dependence on public sector employment and declining traditional industries.
- 8 A Board has been set up early due to the need to begin engaging with Government on a range of emerging policy announcements. It has met twice on the 17th December 2010 and 31st March 2011 and has the following membership:
- Colin Walton, Chairman UK and Ireland, Bombardier (Chair)
 - Trevor Fletcher, Managing Director, Hardstaffs
 - Peregrine Cavendish, Duke of Devonshire
 - David Robinson, President, Speedo
 - Richard Horsley, Board Member, Derbyshire and Nottinghamshire Chamber of Commerce
 - Prof. John Coyne, Vice Chancellor, University of Derby (on behalf of the University of Derby, University of Nottingham and Nottingham Trent University)
 - Cllr Jon Collins, Leader, Nottingham City Council
 - Cllr Kay Cutts, Leader, Nottinghamshire County Council
 - Cllr Harvey Jennings, Leader, Derby City Council
 - Cllr Andrew Lewer, Leader, Derbyshire County Council
- 9 Appointments to the Board were made on the basis of geography and sector coverage in the first instance. It will agree the role and responsibilities of the D2N2 LEP and how representatives to the full Board will be selected. Wider stakeholder engagement will take place through the existing Nottingham and Nottinghamshire Joint Leadership Board (JLB), Nottingham Core City Board (CCB), Derby Renaissance Board (DRB) and Derbyshire Economic Partnership (DEP).

- 10 The D2N2 LEP has submitted a bid to the LEP Capacity Fund. The primary focus of the Capacity Fund is to help LEPs understand the major issues facing businesses in their areas and to allow them to develop and prioritise action plans. The objectives for the fund are as follows:
- § Addressing a gap in the intelligence available to LEPs on business needs and the barriers to growth;
 - § Facilitating business engagement and interaction with the LEP; or
 - § Boosting Board capacity to prioritise actions which will support business-led growth and jobs. (Note: the guidance is explicit however in stating that this does not mean funding for secretariat costs)
- 11 The main focus of the D2N2 proposal is as outlined in the extract below:
- The D2N2 Board and partners have not yet worked on economic analysis across our LEP geography. We understand local markets and firmly believe that there is potential for greater synergies, but rigorous joint economic models and an in-depth shared understanding of what generates growth across our LEP do not currently exist. It will be essential that the research described above captures both the overarching picture for our LEP and the key differences within the LEP area, geographically and sectorally. This will enable us to ensure that priority actions are focussed where they will have the most impact for growth.*
- 12 The D2N2 LEP has secured funding of £48,000 from government to undertake this work, which will be led by Nottingham Trent University.
- 13 A web site has been established: www.d2n2lep.org

Enterprise Zones (EZs)

- 14 On 24th March there was an announcement that the D2N2 LEP Board had secured the Alliance-Boots campus in Nottingham and Broxtowe as one of 11 vanguard Enterprise Zones in the Country. All EZs will benefit from:
- § A business rate discount worth up to £275,000 per business over 5 years
 - § All business rate growth within the zone, for a period of 25 years, being retained in the local area to support the LEP's economic priorities
 - § Government help to develop simplified planning approaches e.g. Local Development Order powers
 - § Government support to ensure superfast broadband is rolled out throughout the Zone
- 15 The D2N2 LEP, in consultation with Government, will also have the opportunity to utilise additional incentive mechanisms, which will include:

- § Enhanced capital allowances for plant and machinery, in a limited number of cases and subject to State Aid, where there is a strong focus on manufacturing.
 - § Tax Increment Financing (TIF) to support the long-term viability of the area.
 - § UK Trade & Investment (UKTI) support for inward investment or trade opportunities in the Zone.
- 16 The timescales for developing an EZ are as follows:
- § From May 2011 onwards Local authorities will need to start to establish local development orders to create a simplified planning regime.
 - § From April 2012 Local authorities will have the power to discount business rates within the EZ.
 - § From April 2013 subject to the Government's Local Government Resource Review, local authorities will be able to retain business rates and deliver TIF schemes to support the EZ's development.
- 17 The D2N2 board are to also put forward an EZ bid centred on Markham Vale in Derbyshire in the next round, which will be an open and competitive process for up to a further 10 EZs. Full proposals will be submitted by the end of June 2011, with the Government announcing successful bids by July 2011.

Regional Growth Fund (RGF)

- 18 The RGF is a £1.4bn fund operating across England from 2011 to 2014. It supports projects and programmes that lever private sector investment creating economic growth and sustainable employment. It aims particularly to help those areas and communities currently dependent on the public sector to make the transition to sustainable private sector-led growth and prosperity.
- 19 The D2N2 LEP did not directly bid for RGF, but endorsed 20 projects seeking funding in Round 1. 13 of these were put forward totaling £53m. A further 25 other bids totaling £59m were put forward in the LEP area. The results for round 1 of the RGF applications were announced on 11 April. In the East Midlands and South East Midlands there were only 3 successful bids to generate 1,730 direct jobs and 3,140 indirect jobs:
- § Molecular Profiles Ltd, based on the Nottingham Business Park - £1.6m to facilitate £10m growth of their biotechnology business
 - § Thales, Leicester - an electronics company that works in the defence sector
 - § General Motors UK Ltd, Luton - to help them to build the next-generation Vivaro van
- 20 Round 2 of applications for the RGF was launched on 12 April. The D2N2 LEP is currently exploring Strategic Investment Programme Bids in Round 2 to help achieve its priorities. A verbal update will be provided at the meeting.

Recommendation

It is recommended that the Committee note the report

Background Papers referred to in compiling this report

None

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