

D2N2 – the Spark in the UK's Growth Engine

Consultation Draft Strategic Economic Plan - 2019-2030

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FOREWORD

This Strategic Economic Plan is for every business, place and person in D2N2. It is an ambitious plan. **Our vision is that, by 2030, D2N2 will have a transformed high-value economy, prosperous, healthy and inclusive, and one of the most productive in Europe. We will be the spark in the engine that powers UK growth**

Our plan builds on the strong track record of D2N2 businesses in creating new jobs and contributing to strong economic growth. It also recognises the challenges and opportunities our economy faces. It is crucial we tackle the productivity challenge. We produce too little output for the number of hours we work, we have too many people in lower paid jobs and not enough people in higher paid occupations. There is a significant variation in the economic conditions experienced by communities across our area. Industry, the way we work and our high streets are changing through digitalisation, our society is ageing, our businesses will have to adapt to our changing relationship with the European Union. Regulation, energy pricing and consumer demand drives the need for ever cleaner economic growth.

Whilst we must adapt to economic, social and technological changes and trends, including raising our skill levels to respond to the demands of the future economy, we have opportunities and strengths that we can build on, including the potentially transformative impact of High Speed Rail in D2N2.

This is a plan to drive change. Innovation and inclusive growth will be at its heart, cutting across our 3 themes of supporting productive and growing businesses, delivering skills and knowledge for the future and enhancing the quality of the places where we live and work. The plan both establishes a framework of 12 investment priorities that will guide how we prioritise our future actions and investments and outlines 8 key actions that will drive us towards our vision.

We will build a stronger LEP with an effective Local Industrial Strategy, refocus our D2N2 Growth Hub and business support around helping companies improve their productivity, utilise and develop our knowledge and innovation strengths in our key sectors, inspire the careers and skills choices of our future workforce, help people into work and support businesses and employees to gain the skills needed by the changing economy. We will invest with partners to maximise the positive impact of HS2 through enhanced connectivity and skills and supply chain support. We will seek investment to deliver the infrastructure necessary for world class transport and digital connectivity, unlocking high quality homes and employment sites.

We will not achieve change with a single project or programme but with concerted action and sustained investment by business and the public sector. This is a new beginning for the D2N2 LEP. There are exciting opportunities ahead as the UK Government looks to strengthen Local Enterprise Partnerships and invest in local economies through local Industrial Strategies, the Shared Prosperity Fund. But it is up to us, together, to take advantage of these opportunities. New money from Government alone will not deliver our vision. I want you to help us deliver this Strategic Economic Plan and its exciting vision for the future of our area. It is only by combining our efforts in a focused way that we will achieve real and lasting change. Please respond to this consultation and join us on the journey to a stronger, more productive and inclusive economy.

Elizabeth Fagan, Chair, D2N2 LEP

Introduction

This plan is the **economic blueprint for the D2N2 area until 2030**. It forms the basis for future investment decisions by the LEP and its local partners. It builds on the strong foundations of our 2013-2023 Strategic Economic Plan and the activities that have been undertaken to deliver it.

This plan is built on a strong evidence base, including our D2N2 Science and Innovation Audit and 'Deep Dive' reviews of productivity and inclusive growth. It **proposes to transform the economy of Derby, Derbyshire, Nottingham & Nottinghamshire**. It sets a long term vision and a plan of action for collective action to achieve that vision.

It is also the strategic foundation for agreeing a **Local Industrial Strategy for D2N2** in partnership with Government, to unlock new resources and enable enhanced local delivery. This Strategic Economic Plan contributes towards the achievement of the national Industrial Strategy, including tackling the four 'Grand Challenges', and delivering the Midlands Engine's Vision for Growth. It sets the framework for local plans.

This Strategic Economic Plan aims to close our persistent productivity gap to create a stronger foundation for wages, living standards and opportunity through long term action and investment. It will benefit the whole of the D2N2 area, taking a long term innovation-led approach to improving the productivity of our firms and prosperity of our places. It aims to promote economic resilience so our economy can navigate the uncertainties and opportunities arising from the UK's altered relationship with the European Union and global trading partners.

Building on the legacy of the first Strategic Economic Plan

In 2013, D2N2 published its first Strategic Economic Plan. The primary target - to support the creation of an additional 55,000 net new private sector jobs by 2023- was achieved within 3 years. A number of important assets have been put in place or are planned as direct result of the original plan, providing a **strong foundation for growth and prosperity in the future**. These include:

- £257m invested in transport infrastructure and other capital schemes, enhancing our major transport corridors and opening up key sites in our Enterprise Zones in Derby and Nottingham, including Infinity Park and MediCity.
- Effective use of European funding (£157m committed to September 2018) to kick-start a number of successful programmes and flagship projects, including a range of local funding options for business growth and employment & skills support for people across D2N2.
- Capitalising on the once-in-a-generation transformational opportunity offered by HS2 – ensuring cross-D2N2 benefits
- Fulfilling the potential of our distinctive local economic geographies – connecting opportunity and need
- D2N2 Growth Hub established as the 'go to' support service for SMEs, engaging with some 6,500 businesses in its first 3 years.
- Important new facilities in our centres of research and learning, including the Chesterfield Centre for Higher Level Skills.

This new strategy builds on our track record of achievement, to ensure that the D2N2 economy is fit for the challenges of the future.

Our Eight Key Actions

This strategy is not just an identification of the challenges we face and a theory of change, it is a plan for action. There are detailed actions at the end of each thematic section and further actions will be specified in regularly updated implementation strategies such as the D2N2 Infrastructure Strategy. However, the eight key actions we will take, with partners, are;

Key Action 1: STRONGER LEP & EFFECTIVE LOCAL INDUSTRIAL STRATEGY Review and strengthen the LEP and develop and deliver a Local Industrial Strategy that capitalises on our key knowledge and industrial assets to deliver long term productivity growth. We will be active leaders in the Midlands Engine, championing D2N2's contribution and making the strategic case for investment across the wider region.
Key Action 2: PRODUCTIVITY FOCUS FOR THE GROWTH HUB Strengthen the D2N2 Growth Hub and the support it offers to deliver productivity growth across sectors, through better access to exporting, investment, digitalisation, innovation, leadership and management support, expanded provision of High Growth business support focused on small but productive businesses and a single point where employers can access employment and skills information and support.
Key Action 3: PRODUCTIVITY AND GROWTH IN OUR CORE SECTORS Collaborate with Universities, businesses and sector bodies to develop and implement Productivity and Growth Plans in our core science and innovation sectors.
Key Action 4: CAREERS INSPIRATION FOR OUR FUTURE WORKFORCE Inspire young people to make well informed choices about their education, training and careers in the future economy by delivering a programme of 'careers inspiration' that sees all mainstream secondary schools and FE providers in D2N2 achieving all 8 'Gatsby Benchmarks'.
Key Action 5: INCLUSION & PROGRESSION IN THE LABOUR MARKET Deliver joined-up targeted support into sustainable employment for those who want and wish to seek employment but have multiple, complex or deep barriers to participation. Support individuals to progress in their careers through upskilling to meet the changing requirements of business.
Key Action 6: SKILLS AND LEADERSHIP FOR PRODUCTIVITY GROWTH Support our businesses to access the skills they need for productivity growth through a stronger Growth Hub, enhanced leadership and management skills, skills to adapt to digitalisation of the workplace, better engagement with the knowledge and assets in our higher and further educational institutions and increased take up of apprenticeships, particularly at higher and graduate levels.
Key Action 7: WORLD CLASS INFRASTRUCTURE AND CONNECTIVITY Secure investment to deliver the infrastructure necessary to achieve world class connectivity and the provision of high quality sites, premises and homes, creating prosperous places across D2N2.
Key Action 8: HS2 – CONNECTIVITY, SUPPLY CHAIN, SKILLS AND PEOPLE Implement the bold yet pragmatic vision for economic growth in the East Midland East Midlands HS2 Growth Strategy, by working with partners on an agreed programme of activity including enhanced business support, capital investment in infrastructure and long terms skills and careers action

Q1	What role can you play to support the implementation of the plan and its indicative key actions?

How we will **implement** the Plan

By setting out a credible, measurable, well-informed and widely supported plan for the economy this Strategy will achieve change in 4 ways. It will;

1. **Direct** current and future funding that the LEP holds, such as European Structural and Investment Funds and the Shared Prosperity Fund
2. **Support** and inform competitive bids by the LEP and partners for funding from national sources, such as the Industrial Strategy Challenge Fund, Transforming Cities Fund, Shared Prosperity Fund and other future 'challenge' funds, policy 'pilots' and other initiatives
3. **Influence** approaches to 'mainstream' activities and spending by partners, through aligning objectives and actions to achieve better outcomes
4. Provide **confidence** to the private sector for long term investment in the D2N2 economy

We will invest in the things that we're good at and that set us apart - to **build on our competitive advantages** that make D2N2 a great place to live, work, study and visit. This means;

- Exploiting D2N2's unique locational advantage – at the heart of the nation, and with outstanding natural assets (such as Peak District National Park) – bridging the Midlands Engine and the Northern Powerhouse
- Consolidating the contribution that our major businesses make to the economy, improving the competitiveness of their supply chains within D2N2
- Building on our industrial specialisms and linking to Sector Deals and opportunities arising from the Industrial Strategy Grand Challenges (digitalisation, mobility, low carbon and ageing population)
- Gaining advantage from the talent and leading-edge competencies in our world-class universities and other outstanding centres of learning and research, at the core of D2N2's knowledge base

A Stronger LEP

The D2N2 LEP will review its governance, operation and resourcing to ensure that it is best placed to oversee the delivery of this Plan. This means that we will need to be a stronger LEP with the resources and support to co-ordinate a cohesive programme of investment to deliver, drawing on national, regional and local resources (from the private and public sectors).

We will fully implement the requirements of the Government's Strengthening Local Enterprise Partnerships review. We will strengthen the business leadership on our Board work more collaboratively with our partner LEPs within the East Midlands, across the wider Midlands Engine and with neighbouring LEPs with which we have key economic relationships, like the Sheffield City Region. This will enable us to more effectively achieve shared ambitions.

A Framework for the Local Industrial Strategy

This plan is a comprehensive revision of the previous SEP, but it is also the first stage in developing a Local Industrial Strategy (LIS) for D2N2. Our aim is to have the LIS fully in place, in partnership with Government, during 2019.

The LIS will be the basis for agreeing funding and flexibilities from Government, including the new UK Shared Prosperity Fund (which will replace the European Structural Funds from 2021, but which might look very different from existing funding arrangements).

It is anticipated that the Local Industrial Strategy will focus in greater depth on a narrower range of issue, including a key focus on how D2N2 will harness our significant science and innovation assets to address the four **Grand Challenges** identified by the Government in the UK Industrial Strategy, i.e. artificial intelligence & the data economy, the future of mobility, clean growth, and the ageing society.

Working in partnership to deliver the Plan

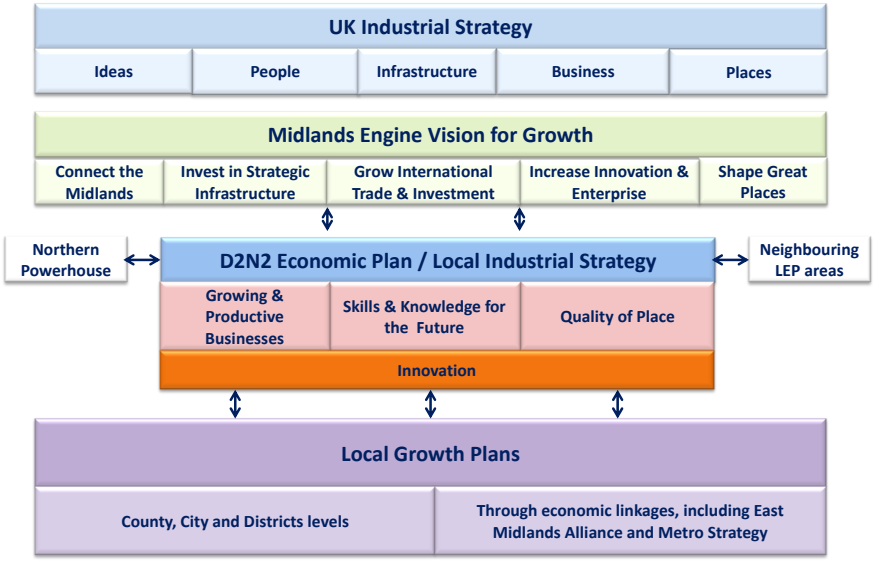
As detailed previously, this strategy cannot be delivered by D2N2 alone. Many of the opportunities that we face in the years ahead will depend on our relationships with our neighbours, both in the context of new investment (for example through High Speed 2 and Midlands Connect) and the development of strengthened supply chains and labour markets.

Midlands Engine: We will be active leaders in the Midlands Engine, championing D2N2's contribution and making the strategic case for investment across the wider region.

The Local Enterprise Partnership will continue to work through partnership. The LEP has been a lean, focused partnership that makes best use of partners' expertise and resources: co-ordinating across the D2N2 area and championing shared priorities. We will continue this approach, working with our constituent local authorities, as well as with other partnerships within the LEP area.

The plan **provides a bridge between local plans for economic growth and national and regional strategies** – *see diagram below*.

D2N2 bridging local, regional and national growth plans…



This SEP provides the framework for more local plans, our implementation plans and collaborative working. It also contributes towards the achievement of the Midlands Engine's Vision for Growth. It provides the Vision, targets

and overall framework for the development of the D2N2 Local Industrial Strategy and the framework for detailed implementation plans such as the D2N2 Infrastructure Strategy, Energy Strategy and People and Skills Plan.

Securing Investment

The strategy cannot be effectively implemented without investment and we will continue to press the case for a 'fair deal' for D2N2 and the wider East Midlands alongside providing compelling investment propositions to Government, its agencies and other investors.

The LEP will continue to direct the resources within its strategic remit to deliver this strategy, including the remaining Local Growth Fund, European Structural and Investment Funds, Growing Places Fund and any funds arising from business rates uplift on designated Enterprise Zones.

D2N2 will also use the framework of this Strategic Economic Plan and the D2N2 Local Industrial Strategy to direct the local allocation of the Government's **'Shared Prosperity Fund'**, the replacement for European Structural and Investment Funds once they are no-longer available to the UK.

This Strategic Economic Plan, provides the framework by which the LEP will prioritise the investments that it will make and endorse and the actions that it will take. In doing so, the LEP will test;

1. Do the actions hit our targets and investment priorities?
2. Are they value for money?
3. How do they combine with other funded or planned actions to maximise impact?
4. How far do they maximise the scale of local impact and social value?
5. Are they readily deliverable within the required timescale?

Monitoring Performance

To track the progress of this strategy over the long term, we have identified a framework of headline targets (*see p19*) and a number of supporting indicators to be monitored *(see p61).* For all of these, change is gradual, and all are subject to short-term volatility: progress is more likely to be measured over the long run than from year to year.

We will prepare a *State of the Economy Report* annually and carry out a full-scale strategic review every 5 years, but keep the strategic priorities (including priority sectors and enabling competencies) under review in the light of significant changes in global, national or local circumstances in the meantime.

D2N2's outstanding **economic assets**…

D2N2 has been in the vanguard of scientific and industrial innovation for more than two centuries. From Richard Arkwright's water powered Cotton Mill at Cromford in 1771 to market-leading aero-engines in the present day, D2N2 has become synonymous with globally-significant technological advances and manufacturing excellence, founded on long-standing trading relationships across the world. Our specialist know-how means that we are well-positioned to take advantage of advances in digitalisation, mobility and medical & low-carbon technologies.

D2N2, with 2.2 million residents, is **one of the most important local economies in England** - only three LEP areas outside London have a bigger population – and the amount of output we generate (£45bn) is on a par with Birmingham & Solihull LEP area.

92% of D2N2 workers live in the D2N2 area	**87%** of D2N2 residents work in the D2N2 area

D2N2 is a distinctive, diverse and connected geography, encompassing cities, towns and rural areas within one of the strongest functional economic LEP geographies in England, with an 'economic self-containment' rate of 89%. Only four of the other 37 LEPs have a higher proportion of their workforce living in the area, but, despite being highly self- contained, as a large area we have important economic relationships with our neighbouring LEPs.

As well as having a strong locational advantage in the centre of England *as shown in Figure 1 (below)*, D2N2 has a rich mix of economic assets across its geography.



Figure 1

In particular, our area benefits from an exceptionally strong advanced manufacturing base, a well-developed innovation ecosystem (including world-class capability in our universities), and outstanding natural and environmental assets. These include the internationally important Peak District National Park, as well as Sherwood Forest and the Trent Valley. Much of the area is covered by environmental designations, including the Nottingham-Derby Green Belt.

There are opportunities for doing more to **exploit economic connections** within D2N2 and working with neighbouring LEPs across our borders. This includes realising the benefits of closer linkages between the two cities of Nottingham and Derby, functional connections with other LEP areas in the East Midlands and also with LEPs in Greater Manchester, South Yorkshire and the West Midlands where appropriate.

HS2 represents a truly transformational opportunity to strengthen connections internally and externally. D2N2 remains a diverse economic geography combining:

- the cities of Derby and Nottingham, which account for a significant proportion of the area's employment and GVA, with strong but complementary economies with different strengths and assets
- the counties of Derbyshire and Nottinghamshire, where most of the area's workforce resides, including key towns like Chesterfield and the conurbation of Ashfield & Mansfield – recognised by the Centre for Cities as one of 64 'cities' in UK. The Counties include a network of major towns including Newark, Worksop, Matlock, Buxton and Long Eaton and large rural areas.

This diversity has been a strength in the recent past, enabling the economy to be relatively resilient during economic downturns but there are also significant economic disparities across the area.

Many places in D2N2 have important relationships with towns and cities outside the area. In particular, analysis of travel-to-work patterns shows important flows between the north of D2N2 (especially North East Derbyshire, but also Bassetlaw and Chesterfield) to the Sheffield City Region, and from High Peak into Manchester. There is also a large outflow from South Derbyshire into Staffordshire. Assets such as the Charnwood science campus, East Midlands Airport and East Midlands Gateway Freight Terminal just over the border in Leicestershire, are also just outside the area. The employment opportunities that these neighbouring areas offer, and the transport connections to them, are an 'asset' for people living in D2N2. Working with our neighbours to build access to them will be important. We will collaborate with our neighbours, formally where necessary, where we can more effectively tackle cross border issues and relationships. The map (Fig 2) below illustrates the key economic relationships and connections within and beyond the area.

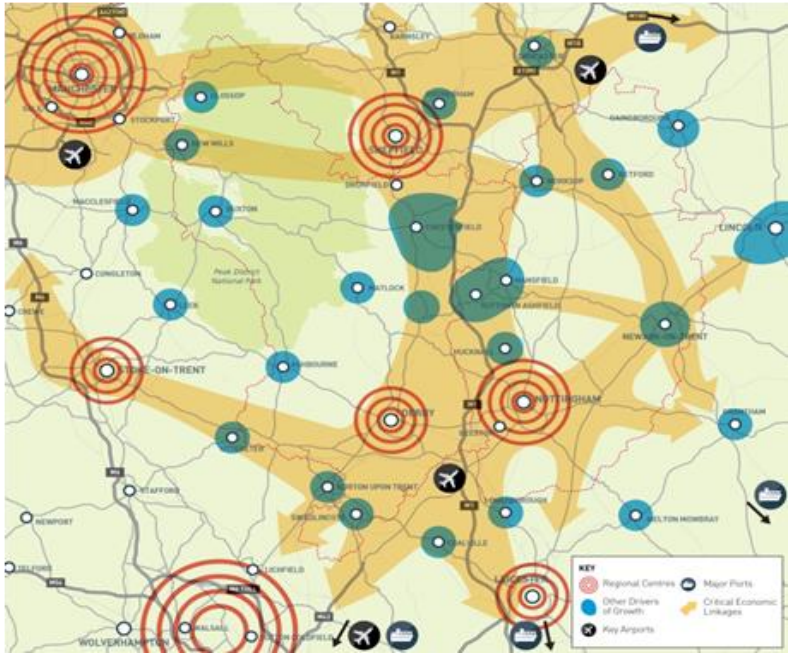


Figure 2

The cities as important engines of growth…

The two cities of Nottingham and Derby - with Nottingham recognised as one of the UK's 8 'Core Cities' - play a vital economic role, hosting the main campuses of D2N2's three universities, acting as major locations for employment and regional centres for commercial, cultural and public services. Combined, Derby and Nottingham account for about 35% of D2N2's GVA. Both cities have housing market and travel-to-work areas that cover much of South Nottinghamshire and Southern Derbyshire (in particular the districts of Broxtowe, Rushcliffe and Erewash).

Looking to the future, the economic 'footprint' of area in and around the two cities is set to expand considerably; over the next 20 years, population growth in D2N2 is forecast to be especially focused on the south of the area (with the greatest increases in Rushcliffe and South Derbyshire), while both Derby and Nottingham are forecast to see working age population growth at above the England average.

Both cities have strong economies, focused on different strengths and assets. For example, Derby's concentration of (highly productive) advanced manufacturing employment complements Nottingham's service sector economy, and its growing bioscience, digital and creative industries. Derby and Nottingham complement – rather than compete – with each other, share infrastructure and will both be supported by the development of new commercial activity at Toton, following the development of High Speed 2, as well as other significant opportunities around East Midlands Airport.

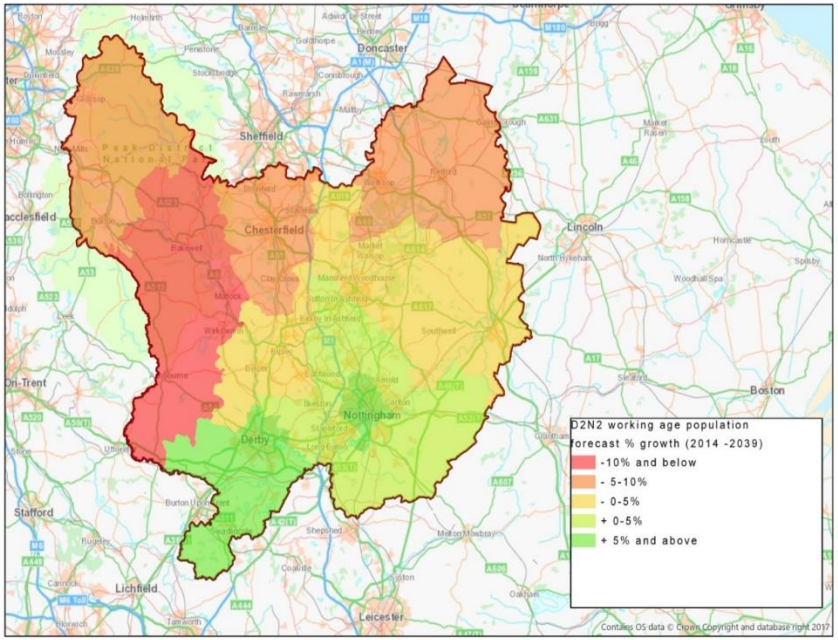


Figure 3 - A mixed picture in terms of projected working age population growth…

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However, at present, the evidence suggests that we are not exploiting these complementary assets to their full potential. Current functional links, such as commuter flows, between the two cities are limited, and supply chain relationships appear to be under-developed. There is potential for agglomeration to support stronger economic connections between the two cities and build critical mass, to enable them to be more than the sum of their parts. This the basis for the recent development of

the Metro Strategy covering the two cities and surrounding districts. D2N2 will support collaborative working with all key partners to strengthen the complementary economic relationship between the cities.

The importance of our urban centres and market towns…

Almost two thirds of the D2N2's GVA is generated in the Counties and Districts outside the two cities of Nottingham and Derby. The Mansfield-Ashfield conurbation is the third largest urban centre in D2N2 - generating some £4bn in GVA - and has been identified by the Centre for Cities as one of 64 'cities' in the UK.

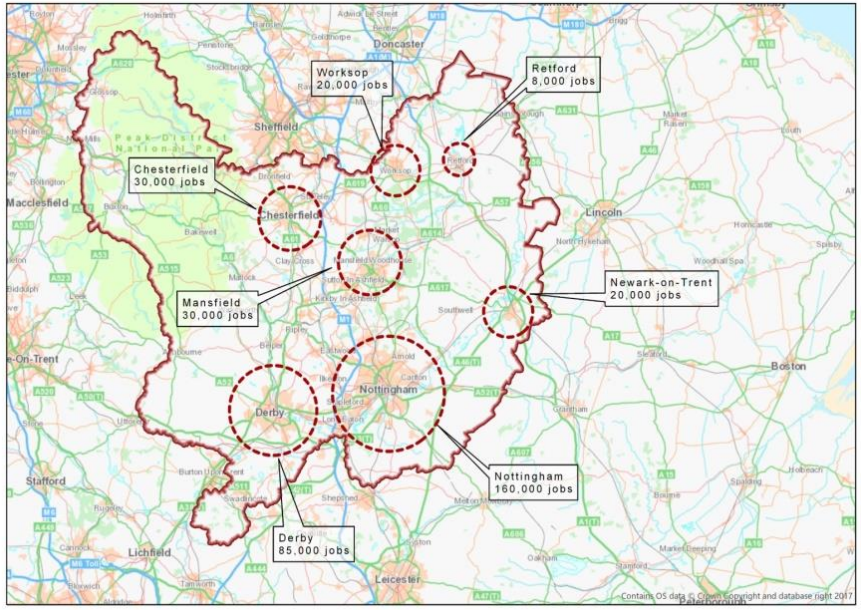


Figure 4 - Major concentrations of employment

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D2N2's major towns are important economic centres in their own rights with Chesterfield, for example, being home to over 30,000 jobs, having an economy generating over £2m GVA per annum and a planned station on the High Speed 2 line. The main concentrations of employment are shown in Fig.4, but D2N2's dispersed network of towns mean that all parts of the area have a role to play in our economy, with District economies varying in size in 2016 from North East Derbyshire at £1.47bn GVA to Amber Valley with £2.64bn with the City economies of Nottingham and Derby generating £8.91bn and £6.97bn. We also have very many market towns have an important role as service centres for surrounding rural communities.

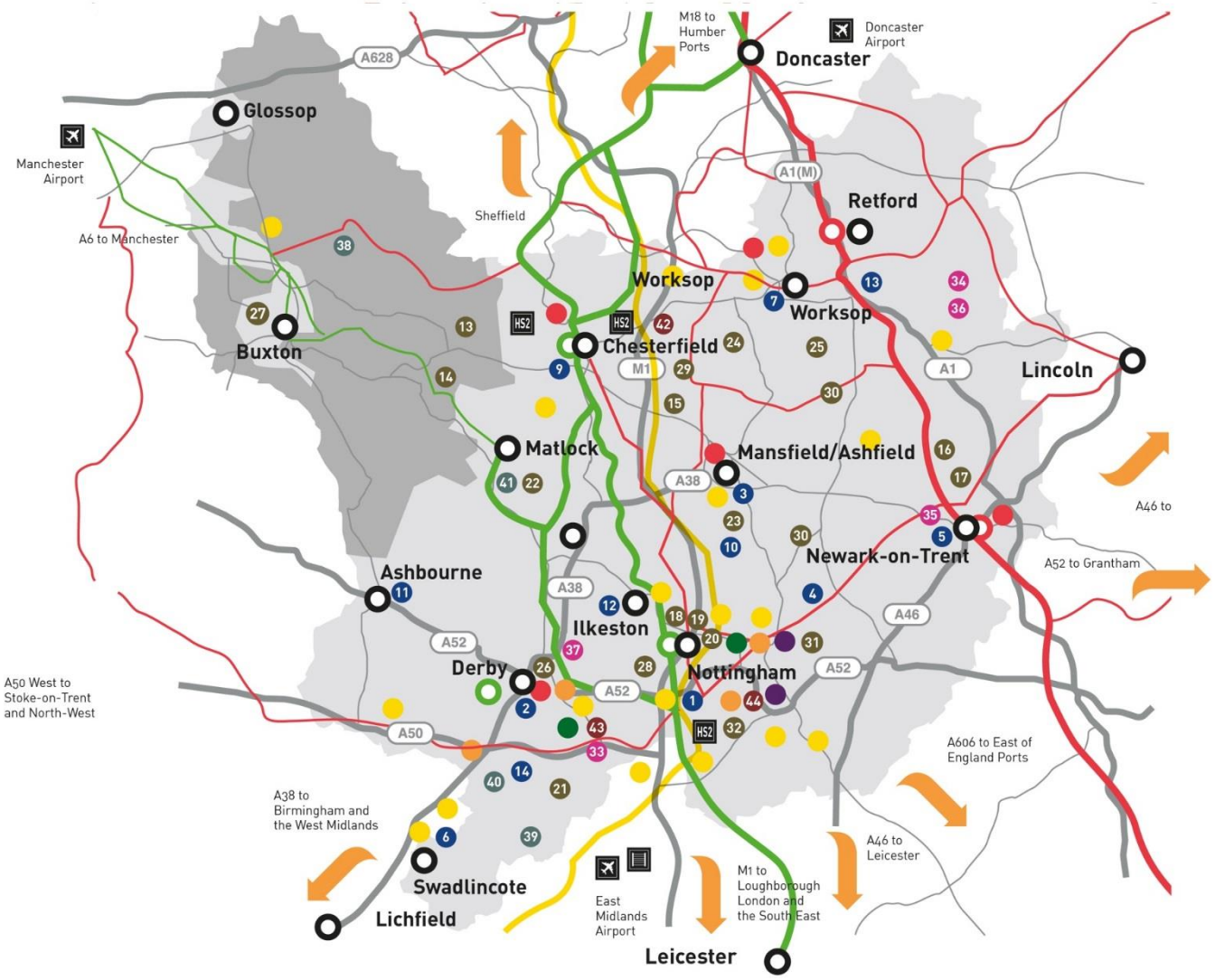
There is a marked gap between the most prosperous parts of the D2N2 area and those facing the biggest economic challenges (ranging from GVA per head of £27.6k in Nottingham and £27.3k in Derbyshire Dales to £14.4k in Gedling and £16k in Erewash).

The Rural Economy

D2N2 has a significant rural population, and the rural economy plays an important role in the health of the area's overall economy, with over one-third of D2N2's total employment in predominantly rural local authority areas. The rural economy also included an important agricultural sector which continues to play a key role in food production, as well as maintaining and enhancing the attractiveness of the environment and contributing to the visitor economy.

The rural parts of D2N2 are affected by many of the same economic issues as the urban parts of the area. However, the rural areas (whilst by no means homogenous) also experience some specific economic challenges, particularly with regards to connectivity (both travel to work, education and leisure opportunities and digital connectivity), housing availability and affordability and access to economic opportunities. The natural environment of our rural areas is a key economic asset for D2N2 with growth in areas such as the Peak District requiring sensitive management. Despite this, a number of challenges are faced by rural areas including difficulties faced by the area's agricultural sector, an over-reliance on public sector employment, low levels of earnings (often masked by higher wages amongst residents who commute to work in the surrounding conurbations), and a lack of dynamism amongst the business base.

D2N2 – Our Economic Assets



Universities & Colleges

1. University of Nottingham, Nottingham Trent University, Nottingham College, Bilborough College
2. University of Derby, Derby College
3. Vision West Notts College
4. NTU, Brackenhurst
5. Newark College
6. Burton & South Derbyshire College
7. North Nottinghamshire College
8. University of Derby, Buxton, Buxton & Leek College
9. Chesterfield College
10. Hucknall Sixth Form Centre
11. Ashbourne
12. Ilkeston

Cultural and Sports

13. Chatsworth House
14. Haddon Hall
15. Hardwick Hall
16. National Holocaust Centre
17. National Civil War Centre
18. National Justice Museum
19. Nottingham Castle
20. Nottingham Contemporary
21. Calke Abbey
22. National Tramway Museum
23. Newstead Abbey
24. Creswell Crags
25. Clumber Park
26. Derby Silk Mill
27. Pavilion Gardens
28. Wollaton Hall
29. Bolsover Castle
30. Sherwood Forest Visitor Centre
31. Holme Pierrepont Water-Sports Centre
32. Trent Bridge cricketx

Energy

33. Derwent
34. West Burton
35. Staythorpe
36. Cottam
37. Ratcliffe-on-Soar

Natural Assets

38. Peak District National Park
39. The National Forest
40. Trent Valley
41. Derwent Valley and World Heritage site

Enterprise Zones

42. Markham Vale
43. Derby Infinity Park
44. Nottingham Boots site, Nottingham Science Park, Beeston Business Park

- Major Employers
- incubator
- Science Park
- Innovation Centre
- Key Knowledge Intensive Business

- Proposed HS2 routes
- Midlands Mainline Railway
- Midland Mainline Railway Stations
- East Coast Railway
- East Coast Railway Stations

- EM Gateway Rail Freight Interchange
- HS2 Hub
- Airport

The **economic challenge** …

This section summarises the economic challenge we face.

…we produce too little output for the number of hours we work…

Despite making one of the biggest contributions to England's economic output, overall D2N2 suffers from an inefficient economy – compared to our competitors we produce too little output for the number of hours we work – the so-called 'productivity deficit'. Despite having the 5th largest workforce outside London, we have only the 9th largest economy. Too many of our businesses aren't productive enough.



…too many people in lower paid jobs… not enough jobs in higher paid occupations…

We also have an earnings deficit. There are too many people in lower paid jobs – some 30% of people earn less than the Living Wage - and we don't have enough jobs in higher paid occupations. We also need to recognise that some parts of D2N2 are starting from a much lower base than others - workplace earnings range from 118% of the England average in Derby, to 65% in Mansfield.



…won't be a lot of new labour coming into the economy… need to find ways to produce much more output with the labour we have…

Looking ahead to 2030, we can expect our working-age population to grow only very slightly - so there won't be a lot of new labour coming into the economy. We can also expect the jobs of tomorrow to look a lot different – as digitalisation and automation gather pace – requiring a different skills' set. If we're to become a more efficient and internationally-competitive economy and, at the same time maintain a high level of employment (and minimise unemployment), we need to find ways to produce much more output with the labour we have, as well as attracting the best talent from elsewhere.

…need to enable our workers at all levels to move up the escalator into the more productive, better-paid jobs of the future…

As a result, over time, wage levels will increase. We need to enable our workers at all levels to move up the escalator into the more productive, better-paid jobs of the future that are created in our transformed economy. The success of our economic plan depends on how successful we are at managing the transition.

…must enable our population and our places across D2N2 to be part of the journey…

As part of our commitment to inclusive growth, we must enable our population and our places across D2N2 to be part of the journey – by providing access to opportunities and raising skills levels – recognising that local economies are starting from different positions.

The focus of the previous SEP was on the creation of additional private sector jobs. This plan signals a shift in priority towards driving up levels of productivity in D2N2, with the objective of creating an economy with higher-value, better-paid jobs, i.e. quality of jobs as well as quantity. In doing so, we need to be resilient and flexible in a rapidly changing business environment. Whilst the shape of our future economy will be strongly driven by the 'path' that we have followed to date, it will also be influenced by significant local and global trends.

...we must adapt to and take the opportunities from economic, social and technological changes and trends

The success of our strategy over the next decade will depend on the extent to which we are able to respond to the major technological and social trends that will drive future growth. Linked with the 'grand challenges' identified in the UK Industrial Strategy, four drivers of change stand out:

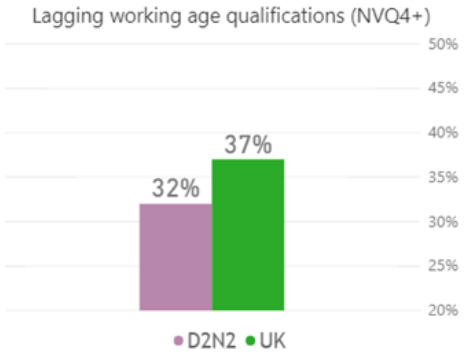
1. the **impact of digital enabling technologies and the 'data revolution'**, not just on specific products, production processes and skills, but on whole business models: over time, businesses will become 'digital businesses', even if their origins or core products long pre-date digital technology. We are only just starting to see the possibilities presented by artificial intelligence as increasing data volumes increase the range and sophistication of tasks that can be carried out without human interaction
2. the **impact of decarbonisation** and the need for greater resource efficiency, driven by regulatory and cost pressures, as well as the development of new technology.
3. associated with both digitalisation and decarbonisation, the **evolution of mobility**, in the context of the possibilities offered by autonomous vehicles and (for the transport of goods) drone technology, and by the advent of zero-carbon transport
4. **demographic change associated with the ageing population**. This will drive changes in demand for different goods and services and a changing balance of public expenditure (associated with, for example, the rising costs of health and social care). It will also have significant implications for the labour market: in D2N2, the working age population will rise by just 1% between 2014 and 2039, growing efficiency pressures over time.

…The evolution in our economy will make new demands of our workforce, therefore we will need to raise our skills levels

Organic business growth, new sector entrants, the rise of digitisation and the impact of major national infrastructure projects such as HS2, will require significant skills input to drive their success.

In D2N2 our workforce is not as well qualified as the workforce in the UK overall, with just 32% qualified to NVQ4 level or above in D2N2 compared to 37.9% in the UK.

This further conceals significant variations in workforce skills between areas with D2N2. Productive firms demand more highly skilled workers who earn higher wages. Our current skills profile limits opportunities for workers and firms in our area.



we must remain resilient and outward looking...

Furthermore, this plan is being developed and delivered in the context of **the UK's changing relationship with the European Union**. This may have significant implications for D2N2. HM treasury has previously estimated that around 8.5% of the jobs in East Midlands are related to EU exports and therefore 86,000 D2N2 jobs may be exposed to the direct impact of any tariffs levied on exports of goods. Around 5% of the East Midlands working age population are EU nationals, compared to 4% in other regions, excluding London (13%). Out of 116,000 employed EU nationals more than 90% are employed in the private sector 2/3 have middle to high skills.

This strategy needs to remain agile as the UK's new relationships with EU and other global trade partners are clarified,

...but we have opportunities and strengths to build on...

High Speed 2 is a transformational opportunity for D2N2, offering substantially improved cross-Midlands connections, as well as north-south links Phase 2b, connecting Birmingham with Leeds via the East Midlands, with a new East Midlands station at Toton, will be completed in 2033. The delivery of HS2 will be transformational for the East Midlands economy. Throughout the build phase and once operational, it will bring new opportunities for living and working in D2N2. The opportunities are about more than the construction of a new railway. The enhanced connectivity HS2 brings will transform the geography of competition and agglomeration amongst businesses, opening up new marketplaces and catchment areas and attracting inward investment. Opportunities begin immediately, as contracts are awarded for the construction of Phase 1 from London to Birmingham, and stretch to beyond the projected 2033 completion date. During this time new technologies and ways of working will be developed and the demographics within the region will shift as 'Millennials' and 'Generation Z' become the key workforce and consumers in the region. Accelerating and maximising the early benefits of HS2 construction will be key to the successful delivery of this strategy.

We face challenges but we are a well-connected economy with distinctive industrial and innovation capabilities, a resilient SME base and a strong record in private sector job creation.

Q2	Is the overall analysis of the economic challenge facing D2N2 correct? Does it reflect your experience?

Fit for the future - **our vision** for D2N2 by 2030…

This section sets out our vision for the D2N2 economy in 2030. Later we detail the targets by which we will measure progress towards the vision and the themes by which we will structure our action-based strategy.

By 2030, D2N2 will have a transformed high-value economy, prosperous, healthy and inclusive, and one of the most productive in Europe. The spark in the engine that powers UK growth.

This vision and strategy is for the whole of the economy across the whole of our area.

By 2030, we will be a world class innovation-led, highly productive economy with a global reputation for manufacturing excellence. At the forefront of technological and business innovation, businesses of all sizes adopt innovative technologies and ways of working. Outward looking, more D2N2 businesses export more goods and services around the world. We are the best and most welcoming place in the country to do business, with firms readily able to access investment, accommodation, infrastructure and trusted advice and support to grow and become more productive. We will invest in and reward creativity and be a great place to start and grow a businesses. We will have tackled the causes of our productivity gap and have a more prosperous and productive economy.

We will have a healthy, productive, well qualified and well rewarded workforce supported by world class education and training system, providing the skills needed by the new, more productive, economy. We will have eliminated our workforce skills deficit with the rest of the UK. Everyone in every community in D2N2 will have the opportunity to participate in the economy and equitably share the benefits of productive and clean economic growth. Using the dividends of greater prosperity, we will enjoy a rich and varied cultural and leisure offer. Our children will attend excellent schools, colleges and universities.

We will travel efficiently, reliably, healthily and quickly to work and for leisure, taking advantage of excellent infrastructure and connectivity. We will be served by an airport with regular connections to key business destinations across the world, have the infrastructure and connections in place to exploit the unique possibilities of High Speed Rail and enjoy the benefits of full fibre broadband connectivity to every business and domestic address. Full 5G coverage will enable new forms of efficient transportation, including the use of increasingly connected and autonomous vehicles.

We will enjoy a high quality natural and cultural environment with transformed high streets offering an attractive mix of retail, leisure and residential experiences. We will live in affordable and efficient homes in safe, healthy, inclusive and sustainable communities in vibrant cities, towns and villages.

Achieving the Vision: **Targets**

To drive actions, inform the prioritisation of funding and measure our progress towards our Vision, the Strategy sets 7 high level economic targets for 2030.

	Targets - by 2030, we will;	STARTING POINT
1	**Be in top quarter of productive local economies in Europe**	D2N2 rank in 2016 was 137 out of 265 NUTS 2 areas with available data
2	**Increase the overall value of economy to £70bn with £9bn being added as a result of plan**	Value of economy £45.4bn. Trend forecast to be £61bn economy by 2030.
3	**Enjoy prosperity levels in the top quarter of all LEP areas**	GVA per head of population 78% of UK average Rank 27 out of 38 LEPS. Baseline £20,846
4	**Raise real wages and narrow inequality through a rise in median weekly earnings of at least 40% across D2N2 with wage disparities within D2N2 narrowed**	Median weekly earning £408 Earnings range: Mansfield £301, Derby £500
5	**Maintain a high and stable employment rate maintained with a workforce of some 1 million people**	95% of economically active in work Workforce of 931,000
6	**Reduce the gap in economic activity levels between places in D2N2**	LEP rank 25 but not major disparity with the UK average. Baseline 77.2%
7	**Eliminate the gap in workforce qualifications between the UK and D2N2**	32% of D2N2's working age population compared to 37.9% across the UK

Achieving the Vision: **Strategic Framework**

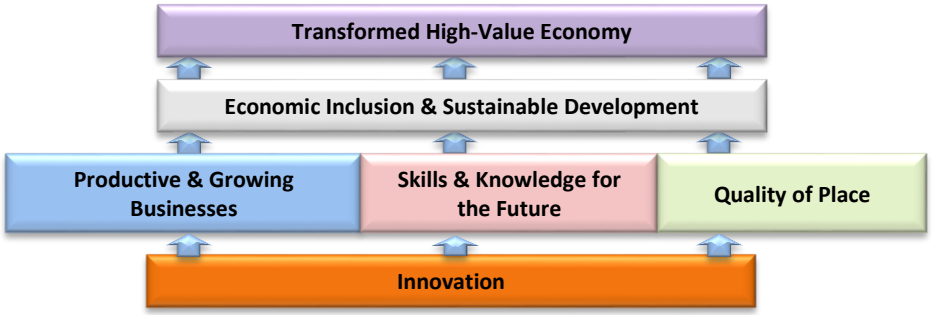
We will deliver the vision and hit our targets through a programme of transformation, built around the three high level themes of

1: Driving long term business competitiveness and growth through improved productivity

2: Building an adaptable workforce with the skills and knowledge that businesses need in order to be productive and competitive

3: Ensuring that our connectivity, infrastructure and place-making enable our growth aspirations

Underpinning this is the fundamental need to ensure that people and communities across D2N2 have the opportunity to participate in the transition to the higher-value economy and to benefit from its growth. The transformation process will be driven by innovation, which is a cross-cutting feature of the plan. Within each theme we set out a set of investment priorities to drive action and prioritise investments.



Q3	Is the 'tone' of the document right, particularly the vision, and do the targets reflect the key changes we need to see?

Achieving the Vision: **Themes, Ambitions and Priorities**

THEME	PRODUCTIVE & GROWING BUSINESSES	SKILLS & KNOWLEDGE FOR THE FUTURE	QUALITY OF PLACE
Ambition, by 2030 we will;	...be a world class innovation-led, highly productive economy with a global reputation for manufacturing excellence. At the forefront of technological and business innovation, businesses of all sizes adopt innovative technologies and ways of working. Outward looking, more D2N2 businesses export more goods and services around the world. We are the best and most welcoming place in the country to do business, with firms readily able to access investment, accommodation, infrastructure and trusted advice and support to grow and become more productive. We will invest in and reward creativity and be a great place to start and grow a businesses. We will have tackled the causes of our productivity gap and have a more prosperous and productive economy	...have a healthy, productive, well qualified and well rewarded workforce supported by world class education and training system, providing the skills needed by the new, more productive, economy. We will have eliminated our workforce skills deficit with the rest of the UK. Everyone in every community in D2N2 will have the opportunity to participate in the economy and equitably share the benefits of productive and clean economic growth. Using the dividends of greater prosperity, we will enjoy a rich and varied cultural and leisure offer. Our children will attend excellent schools, colleges and universities	...travel efficiently, reliably, healthily and quickly to work and for leisure, taking advantage of excellent infrastructure and connectivity. We will be served by an airport with regular connections to key business destinations across the world, have the infrastructure and connections in place to exploit the unique possibilities of High Speed Rail and enjoy the benefits of full fibre broadband connectivity to every business and domestic address. Full 5G coverage will enable new forms of efficient transportation, including the use of increasingly connected and autonomous vehicles. We will enjoy a high quality natural and cultural environment with transformed high streets offering an attractive mix of retail, leisure and residential experiences. We will live in affordable and efficient homes in safe, healthy, inclusive and sustainable communities in vibrant cities, towns and villages
Investment Priorities	**(1) Business Productivity:** increase levels of productivity across all sectors – so that we have a larger number of businesses with above average and outstanding productivity	**(5) Future Workforce:** Equip people of all ages (and particularly young people) with the skills and knowledge they need to make informed careers choices and to access jobs providing businesses with a stronger pool of talent.	**(9) Infrastructure:** : Promote investment in our physical infrastructure to meet future demand, support business & housing growth ambitions and enhance our natural environment
	(2) Business Growth: realise the high-growth potential of productive business and grow the stock of high-value businesses in the area through start-ups, spin-outs and inward investment – contributing to output growth across all sectors of the economy.	**(6) Inclusive Workforce:** support those who are furthest away from the labour market to re-engage and move towards and into work and those in work to move up the escalator to more productive, better-paid jobs of the future	**(10) High Speed 2 Growth:** Exploit the transformational potential of HS2 to stimulate growth across D2N2
	(3) Business Support: ensure D2N2's business support ecosystem is fit-for purpose, delivers against our strategic objectives, offers a business-friendly and coherent service, and is driven by the needs of business	**(7) Planning for future skills needs:** build an intelligent, evidence-based local skills ecosystem that is capable of matching the skills of the population with the needs of business	**(11) Place Making & Marketing:** Empower communities across D2N2 as great places to live, work, study and visit; and undertake compelling place-marketing in order to attract inward investment and talent to the area, and to drive up visitor spend
Innovation Investment Priorities	**(4) Support innovation led growth and productivity:** raise performance in our core, innovation-led sectors (Transport Equipment Manufacturing, Food & Drink and Life Sciences) to exceed international benchmarks	**(8) Skilled and Productive Workforce:** enable businesses to find the talent they need, take advantage of the core specialist capabilities in the knowledge base and equip their workforce with the skills of the future	**(12) Connectivity:** Strengthen our strong transport and digital connectivity to business and labour markets, enabling businesses and people to travel and communicate quickly and easily, and unlocking opportunities for growth. Explore innovative solutions to our mobility and connectivity challenges

Q4	Is the Strategic Framework of themes, ambitions and priorities appropriate, if not, what should we be seeking to achieve?

Long Term **Productivity Growth** through **Innovation**

We will support long term productivity improvement through innovation-led growth. Long term innovation-led growth permeates this plan and is a theme that cuts across our three themes of productive and growing business, skills and knowledge for the future and quality of place. In implementing our approach, we will build on the evidence provided by our D2N2 Science and Innovation Audit.

Around one in five jobs are in 'science and technology' sectors, supported by our 'anchor' corporates and in our impressive – and growing – network of innovation centres and incubation facilities across the area.

The *Made Smarter* review of industrial digitalisation highlights that the relatively slow rate of technology adoption within UK businesses is acting as a brake on productivity improvements. **More businesses need to adopt and adapt to innovation or be over-whelmed by it.** In D2N2 we lag behind the UK on some measures of innovation performance, particularly product innovation.

We **need to increase the proportion of businesses that are 'innovation active'**; enabling businesses to implement process or 'new to the firm' innovations will continue to be as important as the development of new products. This includes adopting new management practices and new methods of work organisation. **Enabling businesses to exploit the opportunities from digitalisation will be a key component**, building on our successful Digital Business Growth programme. We need to exchange knowledge and best practice more widely within the D2N2 economy.

Exploiting our knowledge base…

In D2N2, we have world-class research and innovation assets. Our three Universities are key anchor institutions for the development of our economy. The University of Nottingham is of international significance for research, being ranked 13th for 'research power' in the UK, and Nottingham Trent University and the University of Derby are also significant institutions for the application of research and development.

Our Universities have an excellent track record of collaboration and D2N2 LEP has invested significantly in projects, such as Enabling Innovation, the Advanced Manufacturing Building at the University of Nottingham, the Medical Technologies Innovation Facility at Nottingham Trent University and the University of Derby's ihub. We will strengthen the collaborative working between the LEP, Universities and Industry as we implement this SEP and develop our Local Industrial Strategy

Our specialist expertise fits well with the Grand Challenges identified in the Industrial Strategy. As highlighted in the D2N2 Science & Innovation Audit, one of the main areas of expertise in our knowledge base is digitalisation. Our know-how in advanced manufacturing & engineering (particularly in next generation transport) and low carbon technologies links closely to the Mobility and Low Carbon challenges. And our expertise in Medical Technologies relates directly to the challenge of an Ageing Population. We also have the opportunity to maximise benefit from the **Midlands Engine Transport Innovation, Medical Technologies and**

Future Food Processing Accelerators; and from plans to establish a Nuclear **Advanced Manufacturing Research Centre as part of the Derby** Science and Innovation Campus based on Infinity Park, and a new Medical Technologies Innovation facility in Nottingham. The SEP sets out our policy framework for innovation led growth alongside wider policies for aggregate productivity improvements. We will set out detailed plans for specific activities in our Local Industrial Strategy.

We will build on D2N2's 'Time to Innovate' plan and the 'Enabling Innovation' programme, to embed a more pervasive culture of innovation across the economy. We have a well-developed innovation ecosystem in D2N2; we now need to ensure that it is fully integrated with the wider business support offer.

Promoting **Inclusive Growth** to widen prosperity

This is a strategy for long term productivity improvement providing for sustainable inclusive growth. It aims to enable the widest range of people to contribute to and benefit from economic success, promote enhanced access to opportunities and greater prosperity. As such it will inform action across the 3 themes of the Strategy.

A report by Nottingham Civic Exchange, the RSA and Nottingham Business School highlights the scale of the inclusive growth challenge in D2N2, which has built up over many years as a result of uneven patterns of economic growth, industrial restructuring and a chronic productivity gap. While the employment rate is relatively high, many of the jobs in the economy are low-skilled and low-paid. The majority of households in D2N2 currently living in poverty are in work, with some 30% of those in work earning less than the living wage. 27.5% of the economically inactive working age population are too sick to work.

Inter-generational-exclusion and economic participation below people's expectations is a lost opportunity for the economy. In our vision for a higher-value economy - where we need the make most of the talent we have in a tightening labour market - **we need those currently excluded or deprived to be actively participating in the economy and contributing to growth through their increased spending power**.

The plan will address the inclusive growth challenge by;

- Driving productivity increases across all sectors of the economy, driving up wage levels in the lower-value sectors
- Enabling people to gain the skills they need to enter the labour market and progress up the escalator
- Providing growth opportunities across D2N2
- Ensuring transport connectivity to enable people to access job opportunities
- Having inclusive growth indicators as part of the framework for monitoring the performance of the economy
- Developing an inclusive growth framework to inform future strategic and investment decisions relating to the SEP

As part of the implementation of the SEP we will apply an inclusive growth framework to inform strategic investment decisions relating to

priorities identified in the SEP. In order to ensure that the LEP actively promotes inclusion, we will seek to:

- Improve our understanding of inclusion and include it in all planning, implementation and monitoring activity
- Take action to ensure more inclusive practice is achieved through our role in commissioning and strategic planning
- Influence others on the importance and benefits of inclusion

Working with our **'Anchor Institutions'**

To support the delivery of the SEP, D2N2 will work with our key civic 'anchor' institutions that influence the vitality of the local business environment through their core functions, such as local government, agencies of national government, the National Health Service and, particularly in support of innovation and knowledge led-growth, our educational institutions.

Further Education.

The majority of post-16 learners study or are aligned through apprenticeships to Further Education (FE) Colleges across the D2N2 area. Further Education is a key player in helping drive productivity. It is important to the economic output of businesses in the D2N2 area. Thousands of D2N2 businesses, both small through to multi nationals, work with and value FE colleges. The growing attraction of international students to FE colleges also provides the D2N2 area with additional travel, tourism, hospitality opportunities for growth, i.e. Colleges attract students who will live and spend in the D2N2 area.

The Further Education sector faces challenges due to evolving funding models, making recruiting and retaining staff with appropriate industrial experience and knowledge and investing in building and equipment more challenging. There are further challenges around parental and teacher perceptions of the value of going into technical and vocational training or apprenticeships and into employment.

D2N2 will work with Further Education Colleges and independent training providers to promote high quality provision to equip employers and individuals with the skills required by the modern economy.

Higher Education

Our **universities are an important economic sector in their own right,** as well as in supporting innovation across the wider economy: the University of Nottingham, (for example) generates some £469 million annually in economic output and Nottingham Trent University has in excess of 4,000 staff. It plans to invest £250m in capital over a five year period. Our three universities have an established partnership supporting D2N2 LEP at a strategic level. Working together, the universities deliver a number of economic programmes to help companies become more competitive

The HE sector is intrinsically linked to the successful delivery of the Industrial Strategy. Universities develop skills for the future, supporting the long term performance of the economy through investment in the

knowledge economy and continuous professional development for partners. Higher and Further Education institutions develop lifelong learning pathways for individuals and companies.

The strengths of Higher Education map to the changing opportunities and industries of the future and therefore the sector is vital to the delivery of the Industrial Strategy and the increasing investment in R&D. Higher Education is vital to supporting the provision of ideas via investment in entrepreneurship and enterprise and providing business incubation space. The sector continues to invest in activities to widen participation and increase levels of social mobility to help underpin a fairer economy and good graduate level jobs for all.

The universities play a key role in promoting the region and encouraging inward investment and attract business investment in technology and innovation.

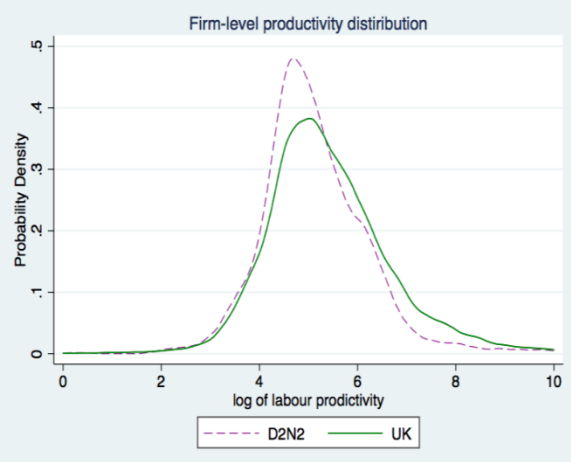
Theme 1 - **Productive & Growing Businesses**

THEME	PRODUCTIVE & GROWING BUSINESSES
Ambition, by 2030 we will be.	*...a world class innovation-led, highly productive economy with a global reputation for manufacturing excellence. At the forefront of technological and business innovation, businesses of all sizes adopt innovative technologies and ways of working. Outward looking, more D2N2 businesses export more goods and services around the world. We are the best and most welcoming place in the country to do business, with firms readily able to access investment, accommodation, infrastructure and trusted advice and support to grow and become more productive. We will invest in and reward creativity and be a great place to start and grow a businesses. We will have tackled the causes of our productivity gap and have a more prosperous and productive economy*
Investment Priorities	**(1) Business Productivity:** increase **l**evels of productivity across all sectors – so that we have a larger number of businesses with above average and outstanding productivity
	(2) Business Growth: realise the high-growth potential of productive business and grow the stock of high-value businesses in the area through start-ups, spin-outs and inward investment – contributing to output growth across all sectors of the economy.
	(3) Business Support: ensure D2N2's business support ecosystem is fit-for purpose, delivers against our strategic objectives, offers a business-friendly and coherent service, and is driven by the needs of businesses
Innovation Investment Priority	**(4) Support innovation led growth and productivity:** raise performance in our core, innovation-led sectors (Transport Equipment Manufacturing, Food & Drink and Life Sciences) to exceed international benchmarks

The Productivity Challenge

It is clear from research that whilst the UK has a productivity gap with the OECD, D2N2 has a persistent productivity and incomes gap with the UK. This matters, as CBI describe productivity as "***the foundation of wages, living standards, opportunities and prosperity."***

Our 'deep dive' review of productivity with Professor Richard Kneller of the University of Nottingham identified that we don't have long tail of very unproductive businesses, or a lack of exceptionally productive firms but we do have a disproportionately large number of businesses that are around the average, either just below or just above. Our productivity gap is not due to our sector profile or having under-productive places.



Over time, this gap will result in a steady loss of competitiveness, with long-term employment impacts. **Turning this moderate middle band around holds the key to moving from a productivity deficit to a productive, high-value economy.** We need to enable the marginal under-performers to raise their game and exceed the average and our moderately productive businesses to strive for

exceptional. This **needs to happen across D2N2's business sectors** to have the level of impact required, not just in our current high-value, high-growth sectors. Productivity gains in our lower-value sectors will help increase wage levels for our lowest-paid workers.

Tackling the Productivity Gap

Tackling the productivity gap requires **a shift in the focus of business support outcomes towards productivity gains rather than just job creation.** The 'deep dive' review identified a range of interventions that are required to close the UK gap and where we need to focus activities in D2N2. To close the gap, we will support firms with;

- The creation and efficient use of new technologies
- Enhanced management practice and organisation
- Access to finance
- Enhanced infrastructure & market access

This will support the entry of better firms and weaker firms to exit. In line with the evidence, in D2N2 we will;

- Target the middle firms across sectors
- Support increased investment in new capital
- Support more firms to export
- Support firms to access management, leadership and coaching support
- Support small productive firms to grow – not just small firms
- Support higher level skills to support the use of better technologies, particularly digital technologies

Therefore this strategy will not only focus on investments in infrastructure and connectivity to provide better access to labour, supplies and markets, but also developing a range of support to individual businesses to enhance their productivity. This will include;

- Supporting firms to benchmark their current productivity and identify how they can improve their performance. For example, the tool developed by Sir Charlie Mayfield's Productivity Leadership Group enables businesses to check their performance under the themes of leadership, employee engagement, future planning and digitisation.
- Coaching to enable the business to identify the specific actions required to address their needs
- Having a coherent suite of business-friendly support options available across the drivers of productivity, including leadership & management, digitalisation, innovation, skills, capital investment and exporting – with the mix of support required driven by the needs of the business
- Supporting businesses to implement process or 'new to the firm' innovations, adopt new management practices and new methods of work organisation and exploit the opportunities from digitalisation**.**

Evolution of the business support ecosystem…

The D2N2 Growth Hub has been a huge step forward as the 'front line' support to businesses in the area, but it now needs to be repurposed in terms of targets and broadened in the scope of its role: to be driven

primarily by productivity gains, rather than by the number of businesses supported; and to be the access point for all support to business, including skills and innovation.

The Growth Hub's core purpose - to provide free-to-access support and advice to SMEs - will remain the same, but it will be adapted to reflect the new strategic objectives and be driven by the needs of businesses. The Growth Hub will also play an important role in connecting local firms to national Sector Deals and Grand Challenge opportunities, HS2 supply chain support; and identifying opportunities and threats post Brexit in the light of the UK's new trading relationships and arrangements.

The Growth Hub will **need to offer a range of support options encompassing the drivers of productivity**, and the needs of our high-growth businesses and most significant sectors. Much of this is already in place but needs to be better joined-up to make it more business-friendly. The D2N2 Growth Hub will continue to be the local gateway for businesses to access support services, but it will be re-purposed to deliver proactive support in line with the objectives and priorities in this plan.

KEY ACTION 2(a): PRODUCTIVITY FOCUS FOR THE GROWTH HUB

Strengthen the D2N2 Growth Hub and the support it offers to deliver productivity growth across sectors, through better access to exporting, investment, digitalisation, innovation, leadership and management support.

Nurturing our businesses with high-growth potential…

Research has shown that 'scale-up' businesses (with more than 10 employees, and growth of more than 20% per annum over 3 years) create a significant proportion of the UK's economic growth. **We need to enable their continued growth as a matter of priority**, building on existing support through the D2N2 Growth Hub but **focusing on the growth of small but productive firms.**

KEY ACTION 2(b) High Growth, Productive 'Scale-Ups'

We will expand provision of High Growth business support, focused on small but productive businesses.

This **needs to happen across D2N2's business sectors**, reflecting the presence of scale-ups and other high-growth businesses in a diverse range of sectors, but those businesses in our Innovation-led and other significant sectors will be given particular attention.

The **main support needs** for these high-growth businesses are:

- Recruiting people with the skills and ambition for technical and business roles
- Developing leaders with the ability to manage rapid growth
- Selling to large companies and government, entering new markets, regulatory approval for new products
- Access to appropriate growth finance
- Accessing research and development facilities and finding suitable premises

Expanding our business stock…

Increasing the relatively low levels of business density in D2N2 will help drive up the value of the economy and it will help build resilience to further loss of employment from larger businesses. We need to increase our overall business stock, **though inward investment, and new indigenous enterprises**.

Inward investment - businesses locating to the area from overseas or elsewhere the UK - is a key driver of productivity and growth, as it tends to introduce productive businesses into the economy, and provides new supply chain opportunities for local businesses. D2N2's local inward investment agencies have an important continued role in securing new inward investors and re-investment by existing investors, working with the Department for International Trade on opportunities from overseas as part of the Midlands Engine partnership. This needs to be linked to our industrial specialisms (see Place Marketing, *page 35*) and to focus on securing high-value, high-growth businesses.

There is strong competition for mobile investment from across the world, so the quality of our offer, our welcome, and our after-sales service has to be first-class. There is **scope to increase impact and secure economies of scale by building on the current joint working** by the investment agencies and D2N2's local authorities.

While new indigenous business starts are important to the economy, a very small number are likely to grow significantly within 10 years. We will **focus support on those new businesses with an ambition to grow**, including businesses spinning out from universities to commercialise research. Building on our current business survival rate will also be important for levels of business density. The productivity drive will be the main mechanism for achieving this, but inevitably many of the weaker businesses will not survive in our higher-value economy.

Exporting for Success

In 2017/18, The D2N2 LEP area exported £10.24 Billion worth of goods, some £1.5bn less than was exported in 2015. Of these exports, 48% went to EU countries (up from 40% in 2015) and 52% to non-EU Countries. (HM Revenue & Customs: Trade Statistics Issued 28 March 2018)

Exporting
Exporting is a key factor in supporting firm productivity. D2N2 will work with UKTI and partners to support more firms to export from D2N2 and to increase the overall volume of exports

.

HS2 Supply Chain Support

The building and operation of High Speed Rail will offer a variety of opportunities for local business, given our existing rail and construction strengths, and opportunities to secure inward investment. We will work with partners to promote supply chain opportunities in line with the East Midlands HS2 Growth Strategy. This identifies three short term priorities, subject to funding availability, of;

- Establishing a co-ordinated approach to business support that will help local SMEs benefit from HS2 related contract and supply chain opportunities, to be driven by D2N2, LLLEP and the private sector;
- Establishing a 'rail industry innovation group' through Rail Forum East Midlands to help drive innovation within our thriving SME rail engineering sector; and
- Developing a comprehensive HS2 awareness campaign aimed at raising the ambition of people and businesses to make the most of HS2, provisionally entitled '#EM33', to be driven by East Midlands Chamber of Commerce, D2N2 and LLLEP and supported by councils;

The Strategy identifies that over the longer term, we would expect mainstream Government funding for skills and business support activity to be refocussed around our priorities.

Supporting Businesses – Segmenting the Business Base

To achieve our ambitions for aggregate productivity growth, we need businesses in <u>all</u> sectors to improve performance and we will repurpose our Growth Hub and business support products accordingly. At the same time we will seek to capitalise on our distinctive industrial assets - particularly associated with advanced manufacturing - underpinned by very strong research and innovation capabilities and respond to the specific opportunities and challenges of key sectors, clusters and types of firm in the D2N2 economy.

Core Science and Innovation Sectors

We **need to exploit D2N2's competitive edge and build on those parts of the economy that offer global opportunities for growth**.

We will exploit D2N2's competitive advantages in our three innovation-led '**core' sectors** of;

- Transport Equipment Manufacturing,
- Food & Drink Manufacturing, &
- Life Sciences

<u>Transport Equipment Manufacturing</u>

Motor vehicle and 'other' transport equipment manufacturing are specialised, highly productive and forecast to grow in the future. The 'Other transport equipment' manufacturing sector has the largest average employment per business of any D2N2 sector.

The D2N2 area is recognised as being home to a critical mass of globally competitive businesses, and high-technology SMEs, operating within and across a range of transport-related industries. Major industrial strengths

and research excellence are evident in the aerospace, automotive and rail sectors. In aerospace and rail particularly, our business base covers the full spectrum from R&D through to production and after sales service, putting us at the forefront of 'Next Generation Transport'.

There are significant growth opportunities for the sector. The global rail market is forecast to be worth £128bn by 2019. Low emission vehicle exports were estimated to be worth £2.5 billion to the UK economy in 2015. 80 per cent of UK produced vehicles are already exported across the world. The global volume of air traffic is expected to increase to 16bn passengers annually in 2050 (compared to 3.7bn passengers in 2016). Overall, the large civil airliner market is forecast to be worth $3.2tn by 2030. The market for CAVs (Connected and Autonomous Vehicles) in the UK is estimated to be worth £28bn in 2035. Employment estimations for the manufacture and assembly of CAVs are 6,400 people in 2020, rising to 27,400 by 2035.

Transport Equipment Manufacturing

D2N2 will work with partners on a Productivity and Growth Plan that will strengthen supply chain programmes focused on increasing productivity, link clusters to world class research facilities, support the provision of skills required for the digital manufacturing processes of 'Industry 4.0', deepen links to science and innovation expertise and ensure that there is a supply of premises and opportunities for business growth.

Food and Drink Manufacturing

Food and drink manufacturing is specialised in GVA and more productive than sector benchmarks, although below the national level of productivity. It accounts for over 2% of both D2N2's GVA and jobs, and is growing on both measures. The ONS (Office for National Statistics) has shown that Derbyshire and Nottinghamshire has been the main contributor to the increase in food and drink manufacturing GVA in the East Midlands. In 2012, D2N2 accounted for 28.7% (£840m) of F&D manufacturing GVA in the East Midlands (£2,926). In 2015, D2N2 accounted for 36.4% (£1,209) of GVA in the East Midlands (£3,320). This is an increase in GVA of £369million in D2N2, i.e. a 43.9% increase.

There are significant global opportunities for food and drink manufacturing. It is estimated that demand for food will increase by c.90% by 2050. This includes expected increases in meat consumption in low income countries, and dairy product consumption in developing countries.

By 2020, revenue in the global packaged food market is expected to reach $3.03tn. Non-alcoholic drinks and baked foods constitute the largest product markets, accounting for 75% of the market value. Baby food and yoghurt are predicted to be the two fastest growers, at 6.4% and 6% respectively. Overall, the global groceries market is forecast to reach $11.8tn by 2020. China is expected to be the largest global groceries market followed by the US and India.

Food and Drink Manufacturing
D2N2 will work with partners on a Productivity and Growth Plan that will address key challenges for the sector, including the provision of food grade production premises to help nurture the development of a stronger food and drink cluster and promoting exports.

Life Sciences

The Midlands Engine Science and Innovation Audit also identified Medical Technologies and Pharmaceuticals as an important area of strength for the Midlands. Reflecting the presence of major employer Boots and its expertise in pharmacy, wellbeing and beauty, our strength in D2N2 extends beyond this.

We have a broad base of Life Science and Healthcare strengths with a clear spatial opportunity around Nottingham's expanding cluster, with links south to Charnwood. Our strengths include biotech and pharmaceuticals, alongside medical technologies and wellbeing. For Human Health in particular, it is important to recognise our relationships with firms and researchers outside of the D2N2 area.

There are global opportunities for the life-sciences sector. Global healthcare spending is estimated to rise by 4.3% by 2020, reaching $8,734bn. Hospital spending on analytics is expected to reach $18.7bn by 2020, due to the focus on quality improvement and cost reduction. Pharmaceutical sales are expected to improve between 2016-2020, globally, growing at an average of 4.4%. The European medical technologies market is worth an estimated €100bn, almost a third of the global market. The UK's medical technology market is the third largest in Europe, worth around £7.6bn. The fastest growing segments by revenue are medical imaging, in vitro diagnostics, and drug delivery.

Life Sciences
D2N2 will work with partners on a Productivity and Growth Plan that addresses key challenges in the sector, including supporting development of the research and development base, including higher education links, and the availability of premises and investment to support business growth.

Key Action 3: PRODUCTIVITY AND GROWTH IN OUR CORE SECTORS
Support the innovation, growth and productivity of firms in our Core Science and Innovation Sectors by collaborate with Universities, businesses and sector bodies to develop and implement Productivity and Growth Plans.

Opportunity Sectors

There are other 'opportunity' sectors that are important to the local economy in different ways and will require different interventions to support productivity growth. These sectors have been identified according to their degree of specialisation, tradeable 'clustering', concentration of employment or prospects for growth as described below.

Most of the jobs in D2N2 are in sectors that primarily provide a service to the local population e.g. retail and health & social work; there will always a need for a healthy service sector and this sector will continue to be the main source of employment within the local economy. Increasing productivity of firms in these sectors and the skills demand and supply can promote both aggregate productivity improvement and inclusive growth by supporting higher wages at the lower end of the labour market. This can complement economic growth from high-value-added sectors, notably manufacturing which overall is D2N2's main sector specialism.

	Sector Analysis	Specialism[1]	Cluster[2]	Jobs[3]	Growth[4]
Core	Transport Equip. Man.	√	√		√
	Food & Drink Man.	√	√		√
	Life Sciences	√	√		√
Opportunity	Creative & Digital		√		√
	Visitor Economy		√		
	Logistics & ECommerce	√	√		√
	Construction		√	√	√
	Extractive Industries	√	√		
	Retail			√	√
	Health/Social Care			√	√
	Prof./Business Services		√	√	

Creative and Digital

The creative and digital industries is a fast-growing sector locally, nationally and internationally and is important to the growth and development of other sectors. It is crucial that supplying software services and digital technologies for automotive, life sciences, visitor economy, and construction sectors can encourage innovation and design quality. The use of big and open data to be able to map out trends and forecasts is vital to the development of the sector. Furthermore the creative and digital industries are a way to enhance the D2N2 by attracting more inward investment, driving socioeconomic change and creating a culture of innovation, enterprise and creativity across other The sector faces a number of limitations.

Creative & Digital

Key requirements include support for sector marketing and visibility; enhancing leadership and management skills; improving access to appropriate financial instruments; boosting technical skills; improving access to networking; better connectivity and, for some subsectors, availability of appropriate workspace

Logistics & E-Commerce

This is a strong cluster and a D2N2 specialism in terms of share of GVA. Sector out-performs national peers on productivity. It sustains some

[1] Location quotient above UK average
[2] Evidence of clustering in 'tradeable' sectors, i.e. with strong connections to national/global markets
[3] > 5% of all D2N2 jobs in sector in 2016
[4] Projected growth in GVA > 25% to 2030

22,000 jobs in more than 2,500 businesses. 28% GVA growth forecast to 2030. The sector is stronger outside the cities, particularly around key transport corridors and hubs.

Logistics and e-commerce
There are significant potential opportunities given our central location as a transport hub and links to strengths in knowledge base (e.g. systems integration). The availability of sufficiently large sites near major junctions will affect the scale of growth.

Extractive Industries

There is a nationally-significant cluster based in the north-west of D2N2. Infrastructure in the UK will drive demand for product, i.e. growing civil engineering markets such as HS2, Crossrail2, and house-building. The mining and quarrying sector has a matured but ageing workforce and workforce replacement is anticipated to be an increasing priority for the sector over the coming decades. Encouraging younger people into the sector is likely to become increasingly important and there is currently an underdeveloped skills infrastructure in place nationally to ensure the supply of workers into the sector.

Extractive Industries
Investment in overcoming known local road congestion challenges will significantly help the sector to transport bulk minerals efficiently. Investment in rail infrastructure will help to unlock the market reach of minerals from High Peak and Derbyshire Dales.

Construction

Construction is slightly over-represented in terms of GVA, slightly under-represented in jobs and productivity is just below the sectoral benchmark. It accounts for c.6% of both D2N2's GVA and jobs and is the largest D2N2 sector in terms of the size of the business stock. Over the past 15 years, GVA has grown, but employment levels have fallen. Both indicators are expected to rise in the future. An important sector in terms of scale of employment across D2N2, and has the largest business stock (more than 8,500) of all sectors in the economy and high GVA growth is forecast to 2030 (45%). The sector is also important in relation to HS2, house-building, infrastructure and employment sites, and links to strengths in knowledge base (e.g. low-carbon construction).

The strength of the construction sector is intrinsically linked to the performance of the wider local and national economies. National policy (e.g. housebuilding), government investment (e.g. major transport schemes) and growing business confidence (leading to increased commercial property demand) are key drivers for the sector.

Construction
The local challenge is to ensure a pipeline of skilled workers for the construction industry, exploit our advantages in our knowledge base, support the industry to adapt to digitisation and exploit the opportunities arising from Modern Methods of Construction and low carbon technologies.

Visitor Economy

The Visitor Economy is important in employment terms for city and rural economies and also generates significant income through visitor spending (more than £6bn in East Midlands in 2016, with £1.6bn in Derbyshire alone), as well as helping to raise the profile of the area externally. VisitEngland / VisitBritain predict that inbound tourism to Britain is due to grow by 3.8% every year until 2025.

In D2N2 we have opportunities to exploit our outstanding natural, historic, cultural and sporting assets to increase the value of the Visitor Economy. There are opportunities to boost the value and productivity of the sector by targeting new markets, offering higher value experiences, extending the 'season' and increasing the global market share of international leisure visits, business visits and the events sector.

Working in partnership through the Midlands Engine, we will seek to exploit the opportunities of enhanced connectivity provide by East Midlands, Birmingham and other key airports and particularly High Speed Rail, with a focus on the most lucrative markets including the USA, China and India. The 'Experience economy' continues to expand, requiring continued investment in 'experience' facilities to promote vibrant destinations.

Visitor Economy
To respond to these opportunities effectively we not only need the scale and quality of 'product' to support high value visitor spend, our businesses need to be 'international ready', we need effective marketing of our key destinations and products, the roll out and effective utilisation of enhanced digital connectivity and the development of a skills and careers approach to provide for an escalator of roles and support. D2N2 will continue to work with partners to take advantage of emerging opportunities, such as the designation of a Tourism Zone in D2N2.

Professional & Business Services

The professional, business and financial services sector serves both firms and individuals. In Derby and Nottingham it is largely dependent on the strength of the underlying business and consumer economies and tends to be regionally rather than nationally focused. Over recent years there has been some relocation in the sector (notably large accounting firms relocating from cities to near East Midlands Parkway). But this has been balanced by the growth of other firms within the City Centres. This sector employs a large number of people in both cities, often with a focus on high income and graduate level opportunities.

Professional & Business Services
Growth in high value services will contribute towards increased productivity performance with lack of availability of 'Grade A' office space in key locations an identified challenge. The East Midlands HS2 Growth Strategy identifies High Value Services as a sector that can particularly benefit from HS2 connectivity.

High Volume Sectors

Large employment but relatively low paying sectors that are subject to change have a large impact on our aggregate economic productivity and the pay of large parts of the D2N2 workforce. Raising productivity and pay in these sectors is key to promoting 'inclusive growth'.

Retail

A high employment, high job creation but relatively low productivity business to consumer sector. Trends towards on-line retail are set to continue with implications for the type and location of retail business and retail employment in D2N2.

Health & Social Care:

A high volume and high job creation sector. Within the context of an ageing population, the health and social care sector is set to expand. Social care budgets are under increasing pressure and the shortage of workers is being exacerbated by uncertainties related to Brexit. The model of social care is having to respond to these pressures and assistive technology will become increasingly important in enabling people with care needs to live independent lives. New entrants to the sector's workforce will require greater skills, and the image of the sector as low wage/low skill will need to be countered.

Supporting our Opportunity Sectors

We will identify the key interventions required to support our opportunity sectors to contribute to productivity growth in D2N2 and work with partners to prioritise and implement them.

Enabling Competencies

Cutting across sectors we have four '**enabling competencies'** where D2N2 has stand-out specialisms in the knowledge base (industry and centres of research & learning). We will work to exploit market opportunities for our assets arising from the Government's Sector Deals, Grand Challenges and other Industrial Strategy funding opportunities. We will further work with partners to identify niche specialisms within the core sectors and enabling competencies in which D2N2 already has, or has the potential to secure, an international competitive advantage. Their support needs are likely to include: test facilities, digitalisation, supply chain development and commercialisation of research.

We will work with businesses and educational institutions to support collaborative competency, technology and knowledge based transfer across institutions and sectors to drive productivity and develop D2N2's collective response to the Grand Challenges

Supporting Investment in Innovation facilities
We will work with partners to secure funding for collaborative projects that promote business innovation, including the Infinity Park Science and Innovation Campus, including the Midlands facility for the Nuclear Advanced Manufacturing Research Centre.

Supporting our major manufacturers and other anchor businesses…

Our major manufacturing businesses – e.g. Rolls-Royce, Toyota and Bombardier - are a significant asset and differentiator. They are world-class businesses, using leading-edge technologies. Their operations are based in and around Derby (although R-R also has a site in Hucknall) but they have supply chains across D2N2. They are major local employers with strong roots in the local economy: with extensive capital assets locally; making a significant contribution to D2N2's GVA; and contributing to and benefiting from local infrastructure. Rolls- Royce especially is a key player in the local economy as it has its HQ in D2N2, has significant research capability in the area and has particularly strong economic and political connections nationally and internationally.

Recognising that in a global economy capital is mobile, we need to ensure that D2N2 economy has the conditions and asset base that compels these businesses to continue to invest locally and that heightens their sense of belonging – in terms of the quality of skills supply, transport connections and supply chains. We **need to embed and consolidate their presence in the local economy** by:

- Continuing to recognise the importance of advanced manufacturing to the D2N2 economy
- Building a deeper strategic relationship with them
- Addressing barriers to their continued investment
- Building on and enhancing their collaboration with our universities
- Encouraging further R&D activities to be undertaken in D2N2 and potential re-shoring
- Helping develop the competitiveness of their supply chains, building on existing local and national initiatives

It is also important to recognise that other major businesses in the area provide an 'anchor' role for local communities and for local supply chains and they need to engaged in the roll-out of the strategy.

Q5(a)	What is the most important single action to deliver the strategy within the Productive & Growing Businesses theme?

Focus of Support: Business Types, Sectors and Enabling Competencies

Science and Innovation: Core Sectors	**Transport Equipment Manufacturing**	**Food & Drink Manufacturing**	**Life Sciences**	Sectors develop innovation-led Productivity & Growth Plans

Science and Innovation: Enabling Competencies	**Advanced Manufacturing & Engineering** **Digital Technologies & Data** **Energy & Low-Carbon Technologies** **Systems Integration**	Develop collaborative plans for innovation & knowledge transfer across sectors
Business Support Focus	**'Middle Band'** Businesses with productivity around average **High-Growth & Potential** Scale-ups, potential scale-ups, and businesses with ambition to grow **Major Manufacturers and other 'Anchor' Businesses** Rolls-Royce, Toyota, Bombardier, Boots, Experian etc…	Re-purpose D2N2 Growth Hub and support programmes to focus on SME productivity improvement

Opportunity Sectors	Creative & Digital	Visitor Economy	Logistics & Ecommerce	Construction	Mineral Products	Professional & Business Services	*High Employment Sectors*	
							Retail	*Health & Social Care*

Address sector specific issues to promote long-term productivity growth

Actions: Productive and Growing Businesses

Priorities	Actions
1. Business Productivity	• **Re-purpose D2N2 Growth Hub** to have a wider focus on business productivity improvement • **Market analysis** to identify businesses in 'middle band' of productivity performance • Develop diagnostic tool to **benchmark** business productivity performance • Develop **coaching/mentoring programme** for business, based on drivers of productivity
2. Business Growth	• Continue and enhance support for productive **Scale-up** businesses with high-growth potential • Help our major manufacturing primes to develop the competitiveness of their **local supply chains**, building on existing initiatives • Support the successful implementation of the **Midlands Engine Investment Fund,** and enhance as necessary with locally-flexible investment and grant funds to support growth • Grow **exports** to all markets, building on our existing strong international connections, including in China and India • Through **place marketing**, attract inward investment in key sectors, re-shore supply chains, and encourage growth in the R&D capabilities of our major innovation-led corporates
3. Business Support	• Enhance and sustain the D2N2 **Growth Hub** as the gateway to SMEs: o re-purposed to reflect the SEP's revised strategic objectives o recognised as the access point for all support to business, including skills and innovation o service to be driven by the needs of businesses • Review the range of business **support options** encompassing the drivers of productivity to ensure that they meet the needs of the target markets, including leadership & management, access to finance and routes to market • Enable firms to exploit the opportunities of HS2
4. Driving innovation	• Core innovation-led sectors to develop **Productivity & Growth Plans**, including proposals for exploiting opportunities associated with the Grand Challenges • Become the **UK's transport innovation test bed**, securing national centre of excellence in Next Generation Transport • Secure **national recognition as UK life sciences and creative & digital centre** • Maximise D2N2 benefit from **Midlands Engine Transport Innovation, Medical Technologies & Future Food Processing Accelerators** • Se**cure** investment in facilities, such as the establishment of a new **Medical Technologies Innovation Facility** at NTU's Clifton campus • Build on existing Enabling Innovation programme, to create a more cohesive suite of easily accessible products

	• Introduce a programme of support to help businesses adopt new technologies, building on Digital Business Growth, and with the focus on the four D2N2 specialisms • Local 'challenge' programme to bring together communities of interest to develop innovation solutions in areas of D2N2 specialism – linking to Grand Challenges, particularly around mobility and clean growth • Bring forward the Midlands Advanced Manufacturing Research Centre as part of the Derby Science and Innovation Campus on Infinity Park EZ • Creation of an Industry 4.0 demonstrator, building on automated assembly demonstrator in Aerospace Technology Centre

Theme 2 - **Skills and Knowledge** for the Future

THEME	SKILLS & KNOWLEDGE FOR THE FUTURE
AMBITION: In 2030 we will;	*We will have a healthy, productive, well qualified and well rewarded workforce supported by world class education and training system, providing the skills needed by the new, more productive, economy. We will have eliminated our workforce skills deficit with the rest of the UK. Everyone in every community in D2N2 will have the opportunity to participate in the economy and equitably share the benefits of productive and clean economic growth. Using the dividends of greater prosperity, we will enjoy a rich and varied cultural and leisure offer. Our children will attend excellent schools, colleges and universities*
Investment Priorities	**(5) Future Workforce:** Equip people of all ages (and particularly young people) with the skills and knowledge they need to make informed careers choices and to access jobs providing businesses with a stronger pool of talent.
	(6) Inclusive Workforce: support those individuals who are furthest away from the labour market to re-engage and move towards and into work and those in work to move up the escalator to more productive, better-paid jobs of the future
	(7) Planning for future skills needs: build an intelligent, evidence-based local skills ecosystem that is capable of matching the skills of the population with the needs of business
Innovation Investment Priorities	**(8) Skilled and Productive Workforce:** enable businesses to find the talent they need, equip their workforce with the skills of the future and take advantage of the core specialist capabilities in the knowledge base

Skills and Knowledge for the Future

Closing the gap between the skills of D2N2 people and the needs of D2N2 employers is essential if we are to achieve our vision of a productive, prosperous and inclusive economy.

This is our biggest challenge, given our starting position of a relatively low skills base and the difficulty in effecting change within the current skills system. Looking ahead to the next 10-15 years, slower growth in the working age population, potential loss of labour as a result of BREXIT, and significant technology-driven changes in the nature of work (and labour demand in some occupations), are likely to require increased adaptability and re-skilling by people who are already working, as well as maximising the potential of young people entering the labour market. Making this happen (across occupations and sectors) will be important both to social mobility and long-term productivity.

We need to drive up productivity in all sectors, so that jobs at all levels support progression and become better-paid. While many jobs will disappear as result of automation, improved productivity will strengthen business competitiveness, stimulate growth and enable the economy to sustain high levels of employment. The key for success in D2N2 will be to enable our workers, at all age and skills levels, to progress and move up into the more productive, better-paid jobs in the transformed local economy.

In delivering this we can't forget that we continue to face major challenges in ensuring that all of our residents are able to benefit from the growth and opportunity being created. Despite unemployment being low, there are still communities and places where unemployment and economic inactivity remains high, with a growing number identified as having significant or multiple barriers to work.

Current support for unemployed and economically inactive residents is disjointed, often short term and generic in nature. We need a more targeted approach which is integrated with local provision, is specific to the needs of individuals and also supports employers to grow and sustain a more diverse workforce.

This will require action to:

- **Future Workforce** - equip people of all ages (and particularly young people) with the skills and knowledge they need to make informed career choices and to access jobs
- **Inclusive Workforce** - support those individuals who are furthest away from the labour market to re-engage and move towards and into work.
- **Skilled and Productive Workforce** - enable businesses to find the talent they need and to equip their workforce with the skills of the future.
- **Planning for future skills needs** - build an intelligent, evidence-based local skills ecosystem that is capable of matching the skills of the population with the needs of business

A solid foundation of employment & skills support has been put in place in D2N2 over the past 5 years, particularly around employability, and it is important to build on that. **We now need to take our model to a new level, with skills and employment partners committed to playing their part in joined-up delivery and driving forward a long term, strategic approach.**

Future Workforce...

<u>Connecting people to future opportunities.</u>

Educational attainment at 16, identified by the CBI as a key driver of regional productivity, is an area of marked under-performance in some parts of D2N2.

Poor attainment reduces the flow of higher skilled people into the market, and with marked under performance in many parts of D2N2, we have too many young people not realising their potential.

We will work with DfE to explore longer term options for enabling our schools to raise attainment levels, as new T-Levels are introduced; learning from Derby Opportunity Area, a pilot project to broaden the horizons of young people struggling with social mobility.

Employer feedback highlights issues with 'work-readiness', employability skills and lack of awareness of job and careers opportunities (at all ages).

Poor or lack of careers advice limits careers aspirations, particularly for those who live in areas of deprivation and often don't have the role models to aspire to.

Too few young people have meaningful experiences with employers – research from Education and Employers Taskforce shows that young people who have 4 or more, timely encounters with employers are 86% less likely to be NEET and will earn up to 22% more during their career.

Raising Aspirations

Our immediate priority in working with young people is to raise the aspirations of the future workforce by enhancing their careers advice and employability skills.

Our ambition is for all schools and colleges, within the D2N2 area to be working towards the Gatsby Benchmarks for excellence in careers guidance to embed the value of careers and employability skills within the education system and to improve connectivity between our employers and their future workforce.

We have made a good start with 146 schools and colleges taking up funding through our ESF funded *Careers Local* programme to support employability activity. We want to build upon this through our future funding calls to target resources to continue to increase careers and employability support available to young people.

Our Careers & Enterprise Company (CEC)-funded Enterprise Advisor Network activity currently supports engagement with employers but covers only 55% of secondary schools against a national CEC target of 100%; meaning not enough young people are accessing the support they need.

Our aim is to provide a universal offer to all schools and colleges to access Enterprise Advisor support through our partnership with the CEC and to raise the importance of employability skills and linkages with local employers across all educational settings; including universities.

Key Action 4: CAREERS INSPIRATION FOR OUR FUTURE WORKFORCE

Inspire young people to make well informed careers choices about their education, training and future careers to secure well rewarded jobs in the future economy by working with partners to deliver a programme of 'careers inspiration' that sees all mainstream secondary schools and FE providers in D2N2 achieving all 8 'Gatsby Benchmarks'.

Although D2N2 attracts large numbers of university students from outside the area, we are not so successful in retaining them, despite the presence of world-class employers. This is partly a consequence of overall demand: to retain more graduates, **we need to grow a larger stock of 'graduate jobs'**, and the focus of this plan on creating a higher-value economy through increased productivity and so expanding the business stock is fundamental. Initiatives by the universities to strengthen their students' local connections while they are here, and to involve them with

local businesses, e.g. through placements, and in general to make them aware of employment opportunities in the local economy, will continue to be important in encouraging retention.

Alongside the upskilling of our existing workforce, it will be important that the D2N2 economy continues to attract and retain the best talent from elsewhere, adding to the pool of highly-skilled labour in the area.

We need to address the current skills mismatch in D2N2 (particularly in relation to technical skills) and to plan for the skills required in the digital age and in a high-value economy. We need to recognise that the young people entering the global market over the next 10 years are the first generation of 'digital natives' – people who have grown up with digital technology and are comfortable using it for all manner of everyday tasks; it will be the older workers who will need to adapt and re-skill to remain competitive in the labour market. This new generation will also have a very different experience of work to their parents, with up to 5 careers, 15 homes and 17 jobs over a working lifetime.

Career Pathways

The expected changes as digitalisation in the labour market increases and the reality that replacement demand outstrips new entrants into the market means that people already within the workforce will need the skills, resilience and guidance to make numerous changes throughout their working careers. We need to make sure that careers management support is available to people of all ages both in and out of work.

HS2 AND SKILLS

Implementation of the East Midlands HS2 Growth Strategy is predicted to create 74,000 more jobs above the current baseline projection with the potential for this to rise to an additional 90,000, which will impact on the East Midlands labour market. Responding to the impact of HS2 is not just about the skills requirements of building and operating a railway but ensuring that the wider D2N2 economy has the right skills mix for the demands of the future, HS2 influenced, economy. With the Eastern Leg of HS2 not due for completion until 2033, a key part of our skills work on HS2 will be, working alongside HS2 Ltd and the Careers and Enterprise Company, to engage effectively with local schools to inform the education and careers choices of young people.

We will work with partners to lead the implementation of the HS2 Skills and Employability Strategic Framework in D2N2, with its focus on 5 key areas of activity;

- Inspiring Young People
- Building Further Education Capacity
- Harnessing the Power of our Universities
- Support for Individuals
- Ensuring our Business are HS2 ready

Inclusive Workforce

Leading a shift in culture and narrative to enable prosperity for all

Unemployment is at an all-time low, however people in receipt of out of work benefits accounts for 12% of the D2N2 population, higher than the national figures. Poor health in particular is a major barrier to employment in D2N2.

With the numbers of young people joining the labour market reducing, it is increasingly important that those who are able to work, have the skills and aspirations to enable them to do so.

Evidence suggests that generic employment support programmes are less effective for those experiencing more significant barriers to employment. We will seek to influence a shift in investment towards more targeted and intensive services that meet the needs of both individuals and employers. We will build on our learning to improve availability of integrated pathways toward employment for specific groups, which links with locally delivered support for more complex barriers they may face.

Conversely, job seekers find it complex and difficult to navigate the huge amount of employment support available. One of the goals of D2N2 is to try to simplify the journey, making clearer pathways for inclusion and progression and ultimately providing a more direct route into work.

Employers are vital to ensuring shared prosperity and opportunity. Our ambition is to engage employers in a win: win inclusion scenario where disadvantaged people benefit from economic opportunities AND employers address their skills and workforce challenges. We will directly support employers to make the changes needed whilst creating a local narrative that encourages, supports and values the skills and contribution of everyone to our local economy.

A range of local programmes are in place to support employment & skills in D2N2, most of them providing support to those who face the biggest challenges in securing employment. We need to learn from their evaluation and build on those that have the greatest impact.

Many people across D2N2 have no qualifications, which for many will potentially mean limited opportunities for future employment. We will work to engage more people into learning, and ensure that basic skills needs are met.

Key Action 5: INCLUSION & PROGRESSION IN THE LABOUR MARKET

Deliver joined-up targeted support into sustainable employment for those who want and wish to seek employment but have multiple, complex or deep barriers to participation. Support individuals to progress in their careers through upskilling to meet the changing requirements of business.

Skilled and Productive Workforce

Supplying the skills for a successful D2N2 economy

The growth of digitalisation and automation will see not just the way in which jobs are delivered change, but also the demand for particular occupations. Jobs growth will be in higher skills occupations, with those requiring low skill levels most at risk.

Employers across D2N2 are reporting difficulties in recruiting at all levels with certain sectors such as health & social care, technical and digital sectors struggling most. The situation is expected to worsen as a result of Brexit.

Business leadership & management are recognised as an important driver of productivity and this needs to be a key element of our business support portfolio. There is a need to substantially improve business access to skills support, as a key driver of business productivity, ensuring that it is delivered as an integral part of the Growth Hub service, based on the needs of individual businesses.

Key Action 6: SKILLS AND LEADERSHIP FOR PRODUCTIVITY GROWTH

Support our businesses to access the skills they need for productivity growth through a stronger Growth Hub, enhanced leadership and management skills, skills to adapt to digitalisation of the workplace, better engagement with the knowledge and assets in our higher and further educational institutions and increased take up of apprenticeships, particularly at higher and graduate levels.

With skills levels in the D2N2 area below the national average, we need to create a culture of lifelong learning, encouraging individuals to continue learning throughout their working career and businesses to lead in taking a proactive approach and looking ahead to define their current and future skills needs to enable both a responsive and strategic skills ecosystem.

To drive up productivity, we must ensure we have the skills levels needed for the future. We will need to increase the skills and adaptability of the workforce; in particular where the existing workforce are at risk of being negatively impacted by technological advances as existing jobs change.

Support for re-skilling (particularly in relation to advanced digital skills) is highlighted as a priority within the Industrial Strategy through the introduction of the National Retraining Scheme and within the proposals contained within the *Made Smarter* industrial digitalisation review we will seek to ensure that existing workers and employers are supported to adapt to new technologies, processes and working practices.

Skills and the Growth Hub

We will target existing and future resources to ensure there is a clearly understood skills offer as part of the Growth hub service, which simplifies the skills system and supports employers to target investment at workforce development needs.

Where we have specific sector skills challenges, such as digital skills, we will target resources and activity to develop specific interventions. We will also ensure that there is a robust skills element to all of our sector productivity and growth plans.

Key Action 2(c) – Skills and Growth Hub

Strengthen the D2N2 Growth Hub to provide a single point where employers can access employment and skills information and support to help meet their needs.

Apprenticeships can play a crucial role in driving up productivity, while take up has dipped both nationally and locally, we need to do more to encourage businesses to consider taking on apprentices into their workforce. Our aim will be to unlock the potential to support local businesses through the apprenticeship levy.

It will be important to understand the scope of the new National Retraining Scheme before introducing any new local provision, but there is an opportunity to build on the D2N2 Skills programme for workforce development.

Planning for future skills needs…

<u>Building the structure to drive a dynamic skills ecosystem</u>

Achieving the ambitions of this strategy for people, skills and business in D2N2 requires a robust and informed governance, engagement and delivery system which drives progress through;

- Data and LMI analysis
- Active engagement of all stakeholders,
- Influencing use of and levering in investment
- Sharing success and learning
- Lobbying and shaping future policy at all levels.

A Dynamic Skills System

In order to bring together the supply and demand for skills, we need to have: access to high-quality labour market information; effective employer engagement in order to respond to specific short-term needs and to ensure that educational courses meet their longer-term needs; skills providers' commitment to offering a mix of qualifications that align with the demands of the local labour market; and careers advice that enables young people and adults to make the best career and training decisions in order to access the labour market and progress.

We also need to develop the capacity of the skills partnership within D2N2 to oversee and effect change, building on the existing D2N2 Skills Commission. The Industrial Strategy signalled the establishment of LEP Skills Advisory Panels to bring skills providers and employers together to

determine local growth priorities and analyse future supply and demand – these panels are to have a “real and meaningful influence” over post-16 education and training.

The SEP identifies a number of sectors which are crucial to the future growth of the D2N2 economy. In addition, we will ensure a continual eye to the future so we are able to respond swiftly to emerging markets and trends; maximising new opportunities for D2N2 such as HS2. We will work with our partners to ensure that the skills system is offering the right provision to meet the future growth needs of our economy.

Conversely we will seek to influence the supply of skills and the skills ecosystem which includes schools, Further Education, Higher Education, Adult and Community Learning and private and voluntary providers, by facilitating greater collaboration with employers, to meet their skills needs.

We will explore with Government the scope for a reshaped Skills Commission taking on this more substantive role, and the potential to create a single, more strategic integrated post 16 skills offers by devolving post 16 skills funding. In the meantime we will work with our local skills providers and national skills bodies to influence future local provision.

Q5(b)	What is the most important single action to deliver the strategy within the Skills and Knowledge for the Future theme?

Skills & Knowledge for the Future	Planned /Potential Interventions
5. Future Workforce	• Influence provision of a co-ordinated, all age careers offer informed by labour market intelligence. • Ensure all mainstream secondary schools and FE providers in D2N2 have access to the support required to achieve against all 8 Gatsby Benchmarks. • Work collaboratively to investigate and secure the use of ESF or other funding streams to further grow the CEC network to support roll out of employability support, careers guidance and the Gatsby Benchmarks to those outside mainstream school /FE e.g. SEND learners, returners to education, graduates and the home-educated. • Continue to seek to co-commission new careers-related activity funded through central government, particularly via CEC, informed by local knowledge of the labour market, and current levels of provision. • Extend careers work into Primary schools; linking to initiatives such as the HS2 careers programme • Develop skills pathways and other support materials to enable careers decisions and upskilling. • Learn from Derby Opportunity area and explore scope for expanding the approach, and applying the learning where it demonstrates success. • Work alongside our HE establishments, employers and supporting partners e.g. DANCOP (Derbyshire and Nottinghamshire Collaborative Outreach Project) to promote HE as a viable option with a view of creating a 'grow our own' culture of graduates within our local economy. • Work alongside local and national stakeholders in the development of T-Levels to ensure successful roll-out across D2N2
6. Inclusive Workforce	• Continue to develop our relationships with those services who support individuals with barriers to employment (e.g. Public Health) and develop an integrated and joined up offer of support for those individuals who want and wish to seek employment. • Utilise ESF to commission activity which targets specific groups and provides coherent pathways towards work and tailored to local areas as needed, valuing user-led input wherever possible. • Work alongside Local Authorities to identify those young people who are or are at risk of becoming NEET and commission and co-ordinate programmes to move them into education, employment and training; with particular focus on those from vulnerable groups. • Invest in a Community Grants programme to work with local community providers to ensure specialist support is available at community level for individuals with varied and complex need, across and outside of other provision. • Support the development of an all age careers service and ensure it is promoted and accessible to people outside mainstream provision. • Support employers to engage with and value inclusivity and adapt their HR practices to enable this. • Work specifically with partners (e.g. DWP Disability Confident, Fuller Working Lives and Timewise) and the Growth Hub to engage employers and provide practical advice and support as to how they can recruit and retain individuals with health related conditions or other barriers to employment. • We will harness the learning from existing employment programmes and ensure a co-ordinated approach to maximising impact of future funding opportunities (e.g. ESF, Shared Prosperity Fund).

7. Planning for Future Skills Needs	• Develop new **D2N2 People and Skills governance**, building on the existing D2N2 Skills Commission; providing local strategic leadership to ensure that future skills provision meets demand and acting as the voice to Government on local skills needs: underpinned by a reinvigorated skills partnership involving FE colleges, universities, schools and employers, tasked with identifying future skills needs and joining up the local skills ecosystem • Ensure that the **local skills ecosystem** supports our skills-matching ambition, through: o An effective and efficient approach to collecting, analysing and utilising accurate data on the labour market to underpin investment decisions and the development of our Local Industrial Strategy. o Engaging employers to understand the D2N2 economies Skills Shortages and Skills Gaps and which sectors and occupations are impacted most heavily. o Engaging with our FE/HE partners to ensure current and future provision meets the economic needs of our area. o Shaping provision of readily accessible careers advice for people of all ages that reflects identified local skills needs and supports a shift in demand; tracking its impact. o Understanding careers pathways for people to progress through up-skilling o 'Horizon scanning' to ensure we can maximise any future opportunities such as HS2, Midlands Engine and the Shared Prosperity Fund o identifying and levering future funding such as shared prosperity fund, devolved AEB and NCS, Midlands Engine and HS2 opportunities and lobbying for devolved skills funding and greater local control.
8. Skilled and Productive Workforce	• Continue to commission ESF provision to meet local needs and opportunities. • Develop a D2N2 Apprenticeship Growth Plan that will work towards ensuring: o Effective use of the Levy within our area, o promotion of apprenticeships (at all levels) to employers. o promotion of apprenticeships (at all levels) to residents • Work with the East Midlands Apprenticeship Ambassador Network (EMAAN) and other partners to raise awareness and take up of apprenticeships, particularly at higher and graduate levels, through use of LMI and collaborative approaches with employers, the Growth Hub and local HE institutions. • Roll out programme to support for SMEs across sectors to enable their workforce to acquire the skills to adapt to digitalisation of the workplace • Maximise D2N2 benefit from Midlands Skills Challenge Fund • Work with D2N2 Growth Hub to develop a single point where employers can access employment and skills information and support to meet their needs. • Promote and support lifelong learning: working with stakeholders and delivery bodies to maximise opportunities across the area. • Ensure the drivers of productivity (leadership and management and digitalisation skills) are available and promoted to employers with a focus on increasing productivity.

Theme 3: **Quality of Place**

THEME	QUALITY OF PLACE
AMBITION: In 2030 we will;	*... fully exploit our connectivity and outstanding natural assets at the heart of the nation, take advantage of the transformational potential of HS2. Invest in our businesses, people and places to provide opportunities for growth that benefit all our communities*
Investment Priorities	**(9) Infrastructure:** Promote investment in our physical infrastructure to meet future demand, support business & housing growth ambitions and enhance our natural environment
	(10) High Speed 2 Growth: Exploit the transformational potential of HS2 to stimulate growth across D2N2
	(11) Place Making & Marketing: Empower communities across D2N2 as great places to live, work, study and visit; and undertake compelling place-marketing in order to attract inward investment and talent to the area, and to drive up visitor spending
Innovation investment Priorities	**(12) Connectivity:** Strengthen our strong transport and digital connectivity to business and labour markets, enabling businesses and people to travel and communicate quickly and easily, and unlocking opportunities for growth. Explore innovative solutions to our mobility and connectivity opportunities and challenges

The Best Business Location in Britain…

Our location and the distinctive characteristics of the places that make up D2N2 are what make us unique – and the overall quality of the place is fundamental to businesses' decisions to continue to invest here or to relocate here.

Our position at the 'bridge' between the Midlands Engine and the Northern Powerhouse, and the once-in-a-generation, transformational potential of having the East Midlands HS2 hub at the heart of D2N2, are opportunities that we must exploit.

We have distinct economic geographies, each with its own assets and challenges: the largely urban south, producing a significant proportion of the area's employment and GVA: the northern conurbations straddling the M1, comprising towns that have had to manage the transition from industries that have declined or disappeared; and the mainly rural east and west, both with important regional centres and outstanding environmental assets. All parts of the area on D2N2's borders are part of wider economic geographies extending into other LEP areas. **There are significant disparities in economic fortunes across the area. The plan and its approach to delivery recognises these distinct spatial characteristics.**

Infrastructure to meet growth ambitions…

There has been good progress in unlocking investment in strategic sites and infrastructure over the past 3 years, though Local Growth funding of some £250m – notably Infinity Park in Derby and MediCity in Nottingham, both in the Nottingham & Derby Enterprise Zone. We will build on this

momentum, accelerating development on our EZs and reinvesting the income in growth opportunities.

D2N2 Infrastructure Plan

We now need to bring forward a cohesive Infrastructure Plan containing a programme of investments to support our ambitions for new business productivity and housing growth across D2N2 - alongside enhanced transport & digital connectivity, community facilities and green infrastructure.

We will identify the key infrastructure and locational requirements to strengthen our core innovation sector specialisms – e.g. Advanced Manufacturing in Derby, Life Sciences in Nottingham, and Logistics around East Midlands Airport and the Gateway Freight Terminal. We will support the implementation of the East Midlands Manufacturing Zone in North Derbyshire.

We need to have a competitive offer of high quality business premises and land to support the formation and growth of high value industries across the D2N2 area, supporting appropriate growth in rural areas and towns as well sustaining our cities as economic power-houses. This includes an escalator of accommodation from incubation and start up premises to high quality office space and manufacturing units in locations with excellent transport connections.

Key Action 7: WORLD CLASS INFRASTRUCTURE AND CONNECTIVITY

Secure investment to deliver the infrastructure necessary to achieve world class connectivity and the provision of high quality sites, premises and homes, creating prosperous places across D2N2.

Housing

Since 2011, D2N2's dwelling stock has increased by 2.6%, compared to 3.3% for the UK as a whole. The ratio of median house price to median annual salary is increasing but is slightly below pre-recession levels and significantly lower than England's average. Almost all of the dwelling stock increase in recent years has been outside the two cities

We **need to work with Homes England to accelerate the completion of new housing** to support D2N2's growth ambitions and to deliver against Government targets, ensuring that this is supported by green infrastructure and multi-modal solutions, to encourage sustainable travel and mitigate the effects of additional travel in our faster-growing areas. This is the responsibility of the local housing authorities, working with the development community and in partnership with Homes England. The D2N2 Infrastructure Plan will identify infrastructure constraints in bringing forward key housing sites.

Housing will be a key relationship with our 'opportunity' construction sector. To build the homes of the future, we need to have the right skills and expertise in place. The requirements of our future homes are likely to impact on the use of energy efficient technologies such as heat pumps for off grid homes, off site manufacturing techniques and installation of

vehicle charging points, grey water recycling and consideration of district heating opportunities on new developments.

In addition to housing's role in supporting growth in the wider economy, there is considerable economic benefit to be gained from investment in housing development. Every £1 invested in house building generates £2.84 of economic activity, and it is therefore important that local construction companies are able to access procurement and development opportunities. There are also benefits in the form of levered private sector investment in infrastructure and investment in skills in the form of construction training or apprenticeships. We will continue to work with developers and the construction sector to realise these additional opportunities.

D2N2 has emerging strengths in modern methods of construction (MMC) including expertise in Nottingham Trent University and Laing O'Rourke's Explore Manufacturing facility near Worksop. **D2N2 will seek to support the growth of our capability to explore the growth in utilisation of MMC techniques.**

Enhancing our excellent transport and digital connectivity…

D2N2's central location enables us to draw from wide labour markets and supply chains. However, while our transport connectivity is good in parts – and will be significantly enhanced when HS2 is operational - it is not as good as it should be, either strategically (e.g. to the West Midlands and North West) or locally. Having good connectivity to enable easy access to and communications with labour, customers and suppliers is identified by the CBI as one of the key drivers of productivity.

We will **continue to work with partners in Midlands Connect to progress the medium-term strategic investments that will improve transport connectivity across the Midlands**, with the aim of supporting the productivity goals of the Midlands Engine strategy - making the most of the assets and opportunities that we share with our neighbours. Priorities include improvements from Nottingham and Derby to Mansfield, Chesterfield and Sheffield, and along the A46 Corridor. The Midlands Connect strategy identifies Derby and Nottingham as a joint 'strategic economic hub', with scope for improved connectivity between them. We will also work with Transport for the North given the importance of strong connectivity north and west for the north of the D2N2 area.

The A46 cuts across the East and West Midlands from the Severn to the Humber, and is a regional priority to unlock major housing and economic development. In the north of D2N2, the A628 provides a key Trans Pennine link between Manchester and Sheffield.

A46 Corridor and Newark

D2N2 will work with TfEM and Midlands Connect to progress significant investment into transport infrastructure near Newark. A Midlands Connect Strategic Study will establish how improvements in key areas could support job growth and housing, and relieve congestion across the whole corridor. We're working with Midlands

Connect to secure funding for an upgrade to the A46 around Newark for completion by 2025, removing a major bottleneck on the road network and helping to facilitate major housing and employment development within the town.

The A46 improvement is closely linked to the complex rail infrastructure in Newark. Major investment is needed to reduce conflicts between fast East Coast Main Line and slower Lincoln-Nottingham traffic.

We need to **deliver existing plans for improvements in D2N2's major road and rail networks**, including measures to alleviate congestion to meet existing demand and to support ambitions for growth, including:

- congestion management A52 at Pride Park
- Southern Growth Corridor in Nottingham
- Gedling Access Road
- A61 corridor improvements including Whittington Moor roundabout in Chesterfield
- Newark Southern link road
- Woodville-Swadlincote link road
- Midland Mainline
- improvements to Trent Junction and East Coast mainline
- Castle Line service enhancements
- Robin Hood Line extension

We will identify forward priorities for transport improvements in the D2N2 Infrastructure Strategy.

International Connectivity

East Midlands Airport is a major international gateway and economic asset, generating £268 million of GVA. It transports over 4.2 million passengers per year to more than 90 destinations. It is second only to Heathrow for flown cargo, handling more than 320,000 tonnes of cargo per year. The airport's plans to expand will be key to enhancing D2N2 and the wider East Midlands as a business location. Currently, the airport plans to more than double passenger numbers to 10 million per year and almost treble the amount of freight to a million tonnes by around 2030 to 2035, potentially creating an additional 7,000 jobs on site. Together with significant employment creation at Segro Logistics Park / East Midlands Gateway Freight Interchange, the development of the airport will increase transport movements in the area. The Gateway development has secured a comprehensive package of strategic and local highway improvements, which will address existing congestion issues as well as future growth – although dealing with wider pressures on the M1 corridor will still require a long-term strategic solution.

Access to airports in other regions remains crucial for businesses and residents in some parts of D2N2. For example, Manchester Airport which is the 3rd busiest UK airport carrying 27m passengers a year, has a key relationship with parts of the north of D2N2 and has recently benefitted from improved access as a result of the A6 airport link road.

There is scope to significantly further improve access to East Midlands Airport, particularly by public transport. In the short term, there are plans to improve rail services to East Midlands Parkway Station, combined with

better bus links between the station and the airport. Over the longer term, there is potential to develop an innovative and transformational public transport link to the East Midlands Hub Station at Toton.

A Step Change in City and Airport Connectivity
D2N2 LEP will work with partners, to support the implementation of ambitious improvements to transport connectivity between the Cities of Nottingham and Derby and between the Cities and East Midlands Airport.

Digital Connectivity

Digital Derbyshire and Better Broadband for Nottinghamshire have now promoted access to superfast broadband to over 92% of premises, and plans to achieve 98% coverage by the end of 2018. It will be important to **be proactive in planning for the introduction of the next generation digital connectivity** to ensure that we are able to stay ahead of the game.

Currently, BT plans to implement full fibre connectivity to every business and residential premise in the UK by 2030. However, this will not be implemented everywhere at the same time.

Enhanced Digital Connectivity
D2N2 and partners will work together to promote a coherent approach to exploiting 5G connectivity to secure government investment and work to accelerate the roll out of fibre to the premises connectivity to ensure that the D2N2 area remains a productive and competitive business location.

5G connectivity promises to revolutionise wireless digital connectivity within D2N2 and particularly support the roll out of incrementally more connected and autonomous vehicles, in which D2N2 has research capability, and transport management systems. However, D2N2 has failed so far to secure funding for 5G test beds or pilots.

Transformational Potential of HS2

The East Midlands HS2 Growth Strategy sets out a vision for how HS2 connectivity and assets will deliver some £4bn GVA in the region over the next 25 years: creating job opportunities, inward investment, housing growth, more trains & quicker journey times to key destinations, and better local transport connections; and enhancing towns and cities across the region. The two regional 'HS2 growth zones' are both in D2N2. D2N2 will work with partners to support the Housing Infrastructure Fund investment in infrastructure to sustainably manage housing growth arising from HS2 through a network of Garden Villages.

The East Midlands Hub Growth Zone, contains the HS2 Hub Station at Toton in Nottinghamshire, which will be the most connected station on the high speed network outside London. To capitalise on this opportunity, we will work with partners to create the 'Toton Innovation Campus', linked to the university sector, capable of delivering up to 10,000 high-quality jobs, new community facilities and a range of new housing opportunities. It will be important to link the Hub station into national,

regional and local transport networks. This will relieve existing congestion and spread the benefits of HS2 to towns and cities across D2N2, as well as linking to East Midlands Airport, the planned rail freight interchange nearby, and other strategic development sites.

The Infrastructure Maintenance Depot at Staveley and the ability to serve Chesterfield with high speed trains will have a transformational impact on the Derbyshire economy. The Northern Derbyshire Growth Zone is centred around the station in Chesterfield, and the planned Infrastructure Maintenance Depot at Staveley, enhancing Chesterfield's role as a gateway to the Peak District and accelerating the regeneration of the Staveley corridor and key surrounding sites. We will work with local partners to deliver the Northern Growth Zone.

Accelerating the benefits of HS2

While the HS2 line is not scheduled to be opened until after the period of this plan, we need to accelerate the detailed planning now in order to realise the full potential of the opportunity. In the meantime we need to exploit job, business and training opportunities arising from the HS2 programme, which is being pursued through a comprehensive HS2 skills and supply chain strategy.

KEY ACTION 8

We will work with partners and government, through an agreed programme of works, to implement the bold yet pragmatic vision for using HS2 to boost economic growth set out in the East Midland East Midlands HS2 Growth Strategy, securing benefits for our people, businesses and places. This will involve enhanced business support, capital investment in infrastructure and long terms skills and careers action.

Enhanced Rail Connectivity

Rail connectivity is a key element of sustainable transport networks that can support economic growth. We will work with Transport for the East Midlands and Midlands Connect to promote strategic investment in rail infrastructure to enhance, local, national and international connectivity in addition to the implementation of HS2. The D2N2 Infrastructure Strategy will identify a programme of investments. Key priorities will include;

<u>Main Lines Fit For the 21st Century</u>

The long-term transformation of HS2 must go hand in hand with investment in the Midland Main Line (MML). D2N2 will work with Transport for the East Midlands and Midlands Connect to promote electrification, line-speed improvements, enhancements to rolling stock and services and increased freight capacity. We will work with partners to promote service improvements on the East Coast Main Line.

We will work with partners at Midlands Connect and Transport for the East Midlands to secure a link between HS2 and the Midland Main Line that is operational for the start of HS2, allowing HS2 classic compatible trains to link the East Midlands with Northern Powerhouse Rail.

Midlands Rail-Hub

The Midlands Rail Hub is Midlands Connect's flagship plan to future-proof the Midlands' rail network for generations to come. D2N2 will support Midlands Connect to secure the necessary resources to implement the Hub's plans to enhance rail connectivity between the East and West Midlands. The planned improvements will allow 1.6 million more people in the Midlands to reach its biggest towns and cities within an hour, bringing the east and west closer together. The Rail Hub will support an extra £649 million of economic growth and investment annually by enabling faster and more frequent journeys across the Midlands and spreading easy access to HS2 services. The Rail Hub can achieve 24 extra trains every hour, 12 in each direction, doubling the number of services and significantly improving journey times. Linking the Midlands' primary economic centres and international gateways with regular direct services will transform East-West connectivity, supporting the growth of more than 100,000 planned new jobs.

The Rail Hub would create space for an extra 36 freight paths a day, carrying £22 billion worth of goods every year and provide for two extra trains per hour between Birmingham and Derby and Birmingham and Nottingham and 1 extra train between Lincoln and Nottingham.

Excellent Local Rail Services

Improvements to local rail connectivity and services give employers access to a larger workforce and communities better access to employment opportunities. The creation of new, or opening up of closed lines with new stations and terminals can unlock areas for new housing growth, improve accessibility for existing settlements and create opportunities for business that can make use of rail. D2N2, working with Greater Lincolnshire LEP has invested funds to enhance services on the Castle Line and will consider further rail investments that can promote long term productivity and inclusive growth. D2N2 will continue to work with local partners to develop plans to extend the successful Robin Hood line to serve communities in Nottinghamshire affected by recent colliery closures. We will further work with partners to promote investment in Trent Junction, which remains key to capacity and service improvements across the East Midlands.

D2N2 will set out its local rail investment priorities in its long term Infrastructure Plan.

Place Making and Marketing

We will empower communities across D2N2, as great places to live, work and visit - reflecting distinctive local capabilities and needs: with all parts of the area playing their full part in contributing to the vision and maximising the benefit from its realisation.

There is an opportunity to **make more of the potential economic added value of strengthening connections between places within D2N2, and with neighbouring economies through alliances**. This is already in place in Ashfield & Mansfield, where there is a joint plan for the growth of the conurbation. Derby and Nottingham are two cities in close proximity, but with distinctive and complementary strengths that are not currently being exploited to their full potential. The Metro Strategy is seeking to make more of the benefits of agglomeration (e.g. through integrated supply chains, labour markets and transport connections) that a metropolitan area of the two cities' combined scale should be realising.

Sustaining the Quality and Vitality of our Natural Environment...

Our **outstanding natural environment is a major strength and differentiator**. Our natural capital and rural assets are fundamental to D2N2's economic well-being, providing drinking water supply, carbon sequestration, food and fibre, flood protection, as well making a significant contribution to quality of life and tourism. Our natural capital is an economic asset rather than a constraint. Maximising our green spaces and considering their inclusion in future developments as well as effective methods of using waste products such as food waste and plastics will help sustain the quality of our environment.

Cycling

D2N2 has invested in cycling infrastructure to promote sustainable access to key employment sites, enhanced visitor experiences and high quality leisure and recreation opportunities in both urban and rural environments. D2N2 LEP will continue to promote investment in cycling infrastructure to support our vision of a sustainable and healthy economy.

Revitalised High Streets in our Towns and Cities

The 'high streets' of our cities and towns have changed over the last five years due to what the Grimsey Review describes as *'dramatic changes... brought about by the convergence of changing consumer behaviour driven by technology, an archaic business rates system and the prevailing economic conditions*'. The weaker pound since the 'Brexit vote' has further impacted on retail. D2N2 will support the development of the visitor / experience economy and the creative and digital economy, support innovation and skills development and pursue new sources of capital funding to support investments to promote the economic vitality of our town and city centres.

Investing in our Places
We will work with partners, to secure investment to support the vitality of our cities and towns and enhance our iconic rural landscapes as leisure and visitor destinations, including piloting new approaches to regeneration as the roles of our cities, towns and rural areas continues to evolve.

Energy

D2N2 has a legacy of power generation and has 3 of the remaining 7 coal fired power stations, that are due to close by 2025, with implications for

the local economy and business rate revenues collected by local authorities.

New Futures for Coal Fired Power-Station Sites
D2N2 will work with partners and power companies to identify economically sustainable future uses for the former power station sites and to retain the economically viable skills of the current workforce. D2N2 will look to work with partners to maximise the economic impact of our energy and low carbon assets.

Air Quality & Flood Protection

D2N2 will work with local partners to improve local air quality, not only to improve the quality of life for residents and workers, but also to enhance the attractiveness of D2N2 as location for business investment. This strategy will support the delivery of the national Clean Growth Strategy (2017)

Infrastructure to Promote Resilience
D2N2 will continue to work with partners to promote the economic resilience of key business locations, through promoting access to funding for enhanced flood protection, such as through the Your City Your River and Project Munio on the Lower Derwent in Derby.

Place Marketing

Place marketing has an important role to play in attracting inward investment, talent and visitors to the area. In a highly-competitive global market, we **need to undertake compelling place marketing**, recognising that they are distinct markets requiring different approaches. There is an opportunity to build on existing joint marketing by D2N2 investment agencies, working with Midlands Engine and DIT – and to exploit international opportunities through Midlands Engine and existing business and university connections.

There have been about 100 inward investment 'successes' in D2N2 over the past 3 years (i.e. overseas companies locating to or expanding in the area, including through acquisitions), creating some 9,500 new jobs. While the number of success has remained steady over this period, the job numbers have dropped off, from about 4,500 in 2015/16 to 1,600 in 2017/18. Over the period, more than 40% of the successes were from elsewhere in Europe and about 20% each from the US and Asia.

Promoting Investment
D2N2 LEP will continue to work with partners to promote locations within D2N2 for business investment and to increase visitor spend.

Q5(c)	What is the most important single action to deliver the strategy within the Quality of Place theme?

Quality of Place	Planned /Potential Interventions
9. High Speed 2 Growth Exploit the transformational potential of HS2 to stimulate growth across D2N2	• Work with partners, through an agreed programme of works, to **implement the East Midlands HS2 Growth Strategy**, bringing forward major innovation-focused development at Toton and elsewhere and maximising connectivity benefits of HS2 development at Toton and Staveley, by providing effective links to the station sites from across the D2N2 area - including enhanced tram provision and access to East Midlands airport. Promoting effective access to the HS2 western leg, where appropriate. • With partners, deliver a comprehensive programme of **skills and supply chain support** to maximise the economic impact of HS2
10. Infrastructure Ensure that our physical infrastructure meets immediate demand, satisfies business & housing growth ambitions and enhances our natural environment	• Develop D2N2 **Infrastructure plan**, identifying a 10-year pipeline of priority projects to enable and accelerate investment (physical and digital) – to unlock employment opportunities and housing investment - in order to meet existing demand and future growth ambitions • Roll-out the development of the D2N2 **Enterprise Zones**, generating income for re-investment against our economic priorities • Support the development of **East Midlands Airport** as our primary gateway to the world, and maximise opportunities for inward investment, e.g. in transport and logistics, linked to EMA's role as a leading freight airport and the adjacent East Midlands Gateway • Work in partnership with local authorities, Homes England, developers and the construction industry to help local housing authorities deliver their ambitious targets for growth – enabling the **building of 128,000 homes by 2030**, including supporting partners' collective efforts towards the One Public Estate objectives • Support the promotion of **Modern Methods of Construction** across D2N2 as a means of accelerating housing delivery • Develop **Energy Strategy** to include location-specific opportunities for use of innovative heat source technologies (rivers, canals and mine water); and opportunities for the coal-fired power stations ear-marked for closure to be re-purposed for other energy generation and storage technologies
11. Place Making & Marketing Empower communities across D2N2 as great places to live, work, study and visit; and undertake compelling place-marketing in order to attract inward investment and talent to the area, and to drive up visitor spending	• Support the vitality of urban centres across D2N2, including key towns like Chesterfield and the Mansfield – Ashfield Conurbation. Pilot new approaches to managing and regenerating **town centres and rural communities of the future**, as towns' and rural areas' role as centres of population, employment and leisure evolves • Support a collaborative approach to implementing the **Metro strategy** to realise economic benefits of agglomeration across the two cities, also working with Leicestershire LEP to take advantage of opportunities for joint working across the East Midlands' triangle, and with other neighbouring LEPs to exploit common assets • Addressing **rural deprivation** through strategic investment in transport and infrastructure • Build on current **joint marketing** by D2N2 investment agencies and local authorities, working with Midlands Engine and DIT – to maximise impact and achieve economies of scale • Support Nottingham's ambition to establish an **International Convention Centre** in the city
12. Connectivity	• Deliver plans for improvements in the **major road network**, to alleviate congestion to meet existing demand and to support ambitions for growth – including Midlands Connect and Transport for the North priorities, congestion management A52 at Pride

Exploit and enhance our strong transport and digital connectivity to business and labour markets – enabling businesses and people to travel and communicate quickly and easily, and unlocking opportunities for growth	Park, Southern Growth Corridor in Nottingham, Gedling Access Road, A61 corridor improvements including Whittington Moor roundabout in Chesterfield, Newark Southern link road, and Woodville-Swadlincote link road. • Secure funding to provide better integrated **mass transit links** across D2N2, including to HS2/EMA and housing and employment growth areas • Secure investment in the **rail network**, including the Midland Mainline, improvements to Trent Junction and East Coast mainline, Castle Line service enhancements, and Robin Hood Line extension • Complete roll-out of superfast broadband, and support introduction of **next generation digital connectivity**, securing investment from Local Full Fibre Networks Challenge Fund (second wave)

Monitoring Framework

We plan to prepare a *State of the Economy Report* annually and to carry out a full-scale strategic review every 5 years, but to keep the strategic priorities and sector focus under review in the light of significant changes in global, national or local circumstances in the meantime. The State of the Economy reports will cover economic performance of D2N2 across eight dimensions – economy, business, talent, inclusion, health, infrastructure, housing and environment.

Theme	Indicator	Measure	Baseline	Year	Sources
Economy					
	Output	Gross Value Added (GVA)	£45.4bn	2016	ONS, Regional Gross Value Added (balanced) by LEP
	Output per head	GVA per head	£20,846	2016	ONS, Regional Gross Value Added (balanced) by LEP
	Productivity	GVA per hour	£28.6	2016	ONS, Labour Productivity
	Jobs	Private sector jobs	760,694	2016	NOMIS, Business Register and Employment Survey
	Earnings	Median annual earnings	£21,253	2017	NOMIS, Annual Survey of Hours and Earnings
	Disposable income	Gross Disposable Household Income per head	£16,576	2016	ONS, Regional Gross Disposable Household Income
Business					
	Density	Businesses per 10,000 working age residents	561	2016	ONS, Business Demography and Annual Population Survey
	Exports	Value of exported goods	£11.7bn	2016	Department for International Trade
	Start-up rate	Business births as a percentage of active businesses	12.7%	2016	ONS, Business Demography
	Scale-up rate	Scaling businesses as a percentage of active businesses	1.2%	2015	Scale-up Institute (ONS, IDBR) and Business Demography
	Survival	5-year business survival rate (%)	43.5%	2016	ONS, Business Demography
	Innovation	Product or service innovation (% of businesses)	18.0%	2014-2016	ONS, UK Innovation Survey
Talent					

Theme	Indicator	Measure	Baseline	Year	Sources
	Employment in high-tech industries	Share of employment in high and medium-high technology manufacturing and knowledge intensive market services (%)	6.1%	2016	NOMIS, Business Register and Employment Survey; Eurostat definition of high-tech industries
	Higher-level qualifications	NVQ level 4+ (%)	31.6%	2017	NOMIS, Annual Population Survey
	Higher-level occupations	Managerial, professional, associate professional and skilled occupation group (%)	57.3%	2017	NOMIS, Annual Population Survey
	Graduate retention	D2N2 graduates who found local employment (%)	30.9%	2011-2015	Higher Education Funding Council for England
	GCSE attainment	GCSE attainment A*-C in English & Maths	58.2%	2015	Department for Education, Key Stage 4 headline measures by district of the school and destination measures
Health					
	Healthy life expectancy	Healthy life expectancy	60.3	2016	Public Health England, Public Health Outcomes Framework data
	Working days lost due to sickness	Working days lost due to sickness (%)	1.0%	2016	Public Health England, Public Health Outcomes Framework data
Inclusion					
	Activity rate	Economically active population (%)	77.2%	2017	NOMIS, Annual Population Survey
	Employment rate	Economically active employment rate (%)	95.8%	2017	NOMIS, Annual Population Survey
	Working tax credits	Number of families receiving Child or Working Tax Credits	136,700	2018	HM Revenue & Customs, Child and Working Tax Credit Statistics
	Employment and support allowance claimants	Number of ESA claimants	88,790	2017	NOMIS, Benefit claimants - employment and support allowance
	Households in poverty	Percentage of Households Below 60% of the Median Income (after housing costs)	17.4%	2014	ONS, Households in poverty estimates for middle layer super output areas in England and Wales
	Learning disabilities employment gap	Gap in the employment rate between those with a learning disability and the overall employment rate, %pt	70.0%	2017	Public Health England, Public Health Outcomes Framework data

Theme	Indicator	Measure	Baseline	Year	Sources
	Mental health conditions employment gap	Gap in the employment rate for those in contact with secondary mental health services and the overall employment rate, %pt	65.2%	2017	Public Health England, Public Health Outcomes Framework data
Infrastructure					
	Road rated in good condition	Principal and non-principal classified roads where maintenance should not be considered (%)	95%	2016	Department for Transport, Road condition statistics
	Population living within 30 minutes of a large employment centre	Population living within 30 minutes of 5,000 jobs by transit or walking (%)	45.6%	2016	Department for Transport, Journey time statistics
	Business floorspace	Business floorspace per active enterprise (sq. m)	312	2016	Valuation Office Agency, total floorspace
	Access to high speed internet	Availability of ultrafast broadband (300Mbit/s+)	37.3%	2018	Ofcom, Fixed Local Authority area
Housing					
	Dwelling stock	Dwelling stock	963,460	2017	Ministry of Housing, Communities & Local Government, Live Tables on Dwelling Stock
	House price	Median house price	£160,000	2017	ONS, House price to residence-based earnings ratio
	Housing affordability	Ratio of median house price to median gross annual residence-based earnings	5.6	2017	ONS, House price to residence-based earnings ratio
Environment					
	CO2 emissions	CO2 emissions per £m of annual GVA (tonnes)	348	2015	Department for Business, Energy, and Industrial Strategy, UK local authority and regional carbon dioxide emissions national statistics
	Air quality	Days air quality exceeds 'moderate' or higher thresholds (average number of days per site)	7.4	2016	Department for Environment, Food & Rural Affairs, Air quality statistics

Q6 Is the Monitoring Framework appropriate? Are there other measures we could usefully and readily monitor?

Consultation questions and process…

	Question	Page
1	What role can you play to support the implementation of the plan and its indicative key actions?	5 (& all)
2	Is the overall analysis of the economic challenge facing D2N2 correct? Does it reflect your experience?	17
3	Is the 'tone' of the document right, particularly the vision, and do the targets reflect the key changes we need to see?	18-19 (& all)
4	Is the Strategic Framework of themes, ambitions and priorities appropriate, if not, what should we be seeking to achieve?	20
5	What is the most important single action to deliver the strategy within the A) Productive & Growing Businesses theme? B) Skills and Knowledge for the Future theme? C) Quality of Place theme?	25-60
6	Is the Monitoring Framework appropriate? Are there other measures we could usefully and readily monitor?	61 - 63
7	Do you have any other comments on the plan? Is there anything missing or not given enough weight?	All

Responding to Consultation

To respond to the consultation, please fill in our on-line survey before 5pm on Friday 16th November

If you wish to attend one of our consultation events, please register on-line at http://www.d2n2lep.org/Events

Copies of this Plan can be downloaded from;
http://www.d2n2lep.org/growth

The SEP evidence base can be found at;
http://www.d2n2lep.org/growth/evidence-base

For any other comments or to share information, please email;
matthew.wheatley@d2n2lep.org

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