# Nottingham City Region

## Integrated Actions for Sustainable Urban Development

**Strategy for the European Structural and Investment Funds 2014-20**

**Version 1.4 (November 2019)**




European Union
European Regional
Development Fund

European Union
European Structural
and Investment Funds

## Contents


**Executive Summary ..... 3**

**Section 1: The urban area / functional economic geography targeted by the strategy ..... 5**

**Section 2: The socio-economic context and the main problems, policy challenges and opportunities faced by the urban area ..... 7**

***Context ..... 7***

***The Challenges ..... 9***

***Economic ..... 9***

***Social ..... 12***

***Demographics ..... 13***

***Environmental and climate change ..... 14***

***Strengths, Weaknesses, Opportunities and Threats ..... 15***

***Maps of SUD area ..... 16***

***Key stakeholders in the Nottingham SUD Strategy ..... 17***

***Relevant local, regional and national policies ..... 18***

**Section 3: Strategy for Sustainable Urban Development ..... 20**

***Programme Model ..... 22***

***Fit with D2N2 Strategic Economic Plan (SEP) and other strategies ..... 24***

***Complementarity of European Social Fund (ESF) ..... 26***

***Other major investments complementary to SUD ..... 27***

***Innovation of approach and national / international significance ..... 29***

***Funding and expenditure profile ..... 30***

***Intervention Logic for SUD Strategy ..... 31***

**Section 4: Partnership and Governance arrangements ..... 32**

**Appendix 1 – Local Authority wards included in SUD ..... 40**

**Appendix 2 – Terms of Reference for the Nottingham Sustainable Urban Development (SUD) Committee ..... 41**

**Appendix 3 – Priority Axes, Indicative Actions, Results and Outputs ..... 45**

**Appendix 4 – Version update history ..... 51**

# Executive Summary

**The Sustainable Urban Development (SUD) strategy for the Nottingham City Region, part-financed through the European Regional Development Fund (ERDF), one of the European Structural and Investment Funds (ESIF), will support a range of activities to improve productivity across our priority sectors and make our urban area 'smart'. It will do this through calls that promote a joined up, programmatic approach, to provide:**

- Capital investment to provide space for businesses in local key sectors to start up and grow:
    - In energy efficient buildings
    - Connected to high-speed broadband
    - As part of an urban network of growth and innovation hubs
- Revenue funding for:
    - Business support (including start-up)
    - Events and marketing
    - Grants
    - Network management
    - Projects which engage businesses in the 'smart city'

The D2N2 Local Enterprise Partnership (LEP) Strategic Economic Plan identifies eight key sectors in which the D2N2 area has exceptional strengths and which have the greatest potential to increase employment, exports and GVA. These eight designated key sectors are:

- transport equipment manufacturing
- life sciences
- food and drink manufacturing
- construction
- the visitor economy
- low carbon goods and environmental services
- transport and logistics
- creative and digital industries

However, the LEP Strategic Economic Plan also acknowledges that a dogmatic approach to these key sectors is unnecessary and that, additionally, there will be growth exemplars outside these key sectors which will also make a major contribution (for instance the wider advanced manufacturing sector and the service sector). The Nottingham Growth Plan, which naturally has considerable synergy with the LEP Strategic Economic Plan, identifies three of these key sectors as being of particular importance/potential for the City itself namely life sciences, low carbon goods and environmental services, and creative and digital industries.

10% of the D2N2 ERDF allocation, equating to €12.565m (£11.35m), has been set aside for SUD in the Nottingham City Region (NCR).

**The criteria for a successful SUD bid should include:**

- Delivery of value for money outputs linked to sustainable business growth;
- The provision of facilities which are valued by business, but which are not provided by the market without intervention;
- An addition to Greater Nottingham's growth and innovation eco-system;
- Making the city's economy 'smarter' and more sustainable;
- Integration with the D2N2 Growth Hub;
- The ability to deliver services over the whole SUD area.

**Call specifications will be drawn up that encourage coherence but support innovation.**

The model will develop and deliver an integrated programme of capital and infrastructure works and business support activities in specific locations (hubs) within the Nottingham City Region (NCR). It will be sector specific, building on strengths in the Core City and within clusters of SMEs in the district areas.

Nottingham's districts require a degree of specialist support to ensure they receive the benefits deriving from the development of priority sectors. How this will be delivered will be subject to the development of detailed arrangements between Nottingham, Nottinghamshire, Ashfield, Broxtowe, Gedling and Rushcliffe and include bespoke activity to reflect local needs and clusters of SMEs.

The SUD will primarily draw in funding and provide outputs from three Priority Axes of the ERDF Operational Programme:

PA2 – Enhancing access to, and use and quality of, ICT

PA3 – Enhancing the competitiveness of SMEs;

PA4 - Supporting the Shift towards a Low Carbon Economy in All Sectors

# Section 1: The urban area / functional economic geography targeted by the strategy

**Local Enterprise Partnership area**

The Local Enterprise Partnership (LEP) area is Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2). In the current 2014-20 ESIF Programme, the notional allocation of ESIF is €248.8m (£220m), including €125.33m of ERDF (£113.2m).

The ESIF programme in the D2N2 area adopts a balanced approach to the main areas of promoting SME competitiveness, knowledge-driven growth and developing the low carbon economy. ERDF will also address ICT, resource efficiency, climate change and the environment with 20% of ERDF funds to be used on these activities. ESF resources are focussed on supporting the skills required for a higher value economy while also addressing disadvantage in the labour market.

D2N2 is one of the largest LEP areas, with a population of more than 2m people and an economic output of nearly £40bn. The D2N2 economy accounts for nearly half of the businesses and GDP of the East Midlands region. It has a central location in England, well served by key north-south transport links such as the M1 and Midland Mainline, with a comparatively competitive and abundant supply of sites to promote investment.

The economy comprises a mix of rural and urban areas across 19 local authority areas. There is a large concentration of employment in and around the area's two largest centres - Nottingham and Derby – with the two cities combined accounting for 36% of total employment compared to 26% of total population. There are also a number of smaller centres that serve rural hinterlands with over one-third of D2N2's total employment in predominantly rural local authority areas.

The D2N2 economic area is a diverse and relatively complex area. Nottingham and Derby (within the area) and Sheffield (lying outside of D2N2) are the most important cities in terms of supplying jobs for D2N2 residents and labour. Whilst most commuting takes place within the D2N2 area, there are close links to neighbouring areas, notably South Yorkshire, Lincolnshire and Leicestershire.

The vision set out in its Strategic Economic Plan is that D2N2 will become a more prosperous, better connected, and increasingly competitive and resilient economy, at the heart of the UK economy, making a leading contribution to the UK's advanced manufacturing and life sciences sectors and generating significant export earnings for UK plc. We will create a D2N2 which provides a great place to live, work and invest. The D2N2 Growth Strategy sets out one single target – to support the creation of an additional 55,000 private sector employee jobs in D2N2 by 2023 by inspiring economic growth and supporting firms to innovate, invest, export, grow and create sustainable jobs.

10% of the D2N2 notional allocation of ERDF has been allocated to a Sustainable Urban Development Strategy for Nottingham following the invitation from the UK Government to Core City LEP areas.

Sustainable Urban Development Strategies or 'SUDs' provide for an 'urban authority' to act as the 'intermediate body' for the 'selection of operations' over activities to deliver the D2N2 ESIF Strategy using up to 10% of ERDF funds for a 'Core City' area of at least 600,000 population coverage.

The SUD strategy is an 'implementation' strategy of the overall ESIF strategy focused on the local priorities of the SUD area. SUDs address locally specific issues to add value to the 'mainstream' delivery of the ESIF strategy. The outputs achieved under SUD's programmes count towards the targets of the overall ESIF strategy.

The Intermediate Body for the SUDs will share information with the D2N2 ESIF Committee to promote a co-ordinated approach to the implementation of the strategies.

**Nottingham Core City Region**

The Core City Region covered by this SUD strategy has been drawn up to meet EU and MHCLG requirements and is referred to in this document as the Nottingham City Region (NCR). It includes all the wards in the Nottingham City Council area and a number of contiguous wards in the local authority districts of Ashfield, Broxtowe, Gedling and Rushcliffe. This gives a total population of around 688,000 (based on the 2017 mid-term estimates).

A list of included wards is attached as Appendix 1 and maps of the area included are included in Section 2.

The notional SUD allocation is 10% of the ERDF allocation for D2N2 (€12.565 million or £11.35m).

The Urban Authority established as the Intermediate Body is Nottingham City Council.

The EU category of region within which the SUD will be delivered is 'More Developed'.

# Section 2: The socio-economic context and the main problems, policy challenges and opportunities faced by the urban area

## Context

**The D2N2 area** is one of the largest LEP areas in England with a population of more than 2.2 million and an economic output of nearly £46.2bn.

Manufacturing continues to be a major part of the D2N2 economy, providing 126,000 jobs and accounting for 13.1% of total employment compared to 7.9% nationally. In contrast, D2N2 has a lower than average share of employment amongst higher value private service sectors such as professional, scientific & technical, information & communication and financial & insurance, contributing to lower than average levels of GVA within the economy.

Skills levels are below the national average, with the number holding degree level qualifications almost 7 percentage points lower than in England. The proportion of adults without qualifications (8.6%) is above the national average (7.6%). The occupational profile in the D2N2 area is skewed towards skilled trades, operatives, elementary and other service occupations. Despite significant growth over the past ten years, D2N2 has a lower than average share of employment in professional occupations, resulting in a relative lack of high quality jobs.

**Nottingham** is one of the eight English core cities and is the largest conurbation in the D2N2 LEP area. Farsighted investments in transport, land use planning and energy have anticipated the transition away from carbon-based technologies, and positioned Nottingham as one of the cleanest, greenest and least car dependent cities in the UK.

Nottingham City Region (NCR) makes a significant contribution to the national economy, with an annual output of around £15 billion. The city is one of the most popular student destinations in the country, boasting two high quality universities - one with campuses in China and Malaysia – making it the second youngest major city in the UK with a large pool of graduate talent.

A city that has a clear direction, one that is economically and culturally self-confident, is more likely to bounce back stronger and more focused. To achieve this requires equal focus on:

- Generating robust job creation by **focusing upon growing enterprise** within key growth sectors as well as attracting businesses that foster creativity and invention.
- Maintaining competitive infrastructure by constantly producing and investing in **innovative transport and urban development opportunities** to support growing enterprise – and becoming increasingly smart in doing this through integration of systems and the use of data to drive decisions.
- Achieving broad-based prosperity by stimulating economic activity in all neighbourhoods throughout the city **to drive increases in employment.**

## Nottingham City Region

It is important to look beyond artificial administrative boundaries and consider the functional economic area of the city and surrounding districts, which forms a whole that is not easily distinguishable to outsiders. The Nottingham City administrative area is tightly bound due to historical reasons and large parts of the surrounding District Council areas form part of what could be considered a functional city region.

To address this issue, a geography representing this wider Nottingham City Region (NCR) is usually treated as being representative of the city's functional economy. This strategy uses the predominantly urban areas of the adjacent local authority districts of Rushcliffe, Broxtowe, Ashfield and Gedling (all within the Nottinghamshire County Council area) as well as Nottingham City. NCR includes several connected towns which are not just commuter suburbs but have their own significant business base – e.g. West Bridgford, Arnold, Carlton, Beeston and Hucknall.

This area remains the preferred, economically pragmatic geography for representing the wider Nottingham City Region with a population of around 688,000. The importance of taking into account Nottingham's economic geography to present a balanced assessment is clearly demonstrated by the statistical disparity between its economic performance and resident prosperity.

NCR's Gross Disposable Income (GDI) per head (£16,300 in 2015) is 84% of the national average. Average annual workplace earnings in NCR were £31,400 in 2017, considerably lower than the England average of £36,100.

As Nottingham has the highest levels of net in-commuting in the East Midlands, thanks partly to its well established internal and external transport network, this means that the city draws upon its wider economic catchment area for its workforce. The result is a productive city supporting a prosperous city region but with inner city socio-economic and environmental challenges typical of any major UK conurbation.

However, even though the arbitrary local government boundaries of the city do not determine the economic dynamics of the conurbation, the city region as a whole has a duty to address the problems within, particularly the issue of employment and skills.

The aim of the SUD strategy is therefore to contribute towards a balanced city region economy where both the urban centre and the districts develop an industrial and innovation strategy which is more sustainable in the long-term.

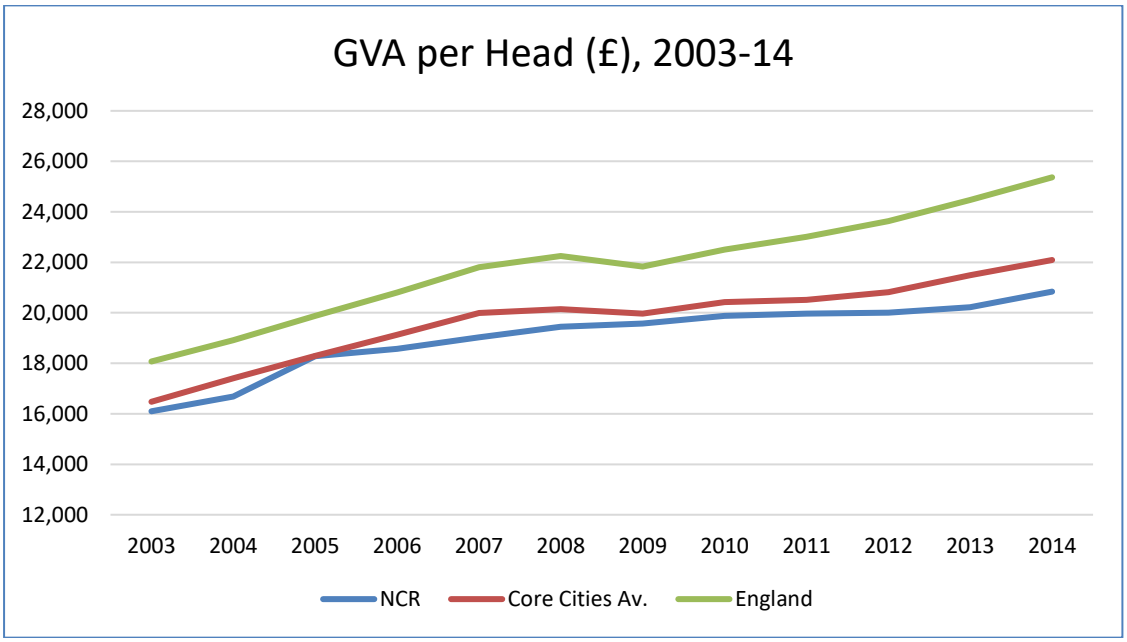
## The Challenges

## Economic

***Closing the Output Gap***

NCR was worth £15.1bn in 2016, accounting for 1.0% of England's GVA. The local economy grew by 18.3% between 2011 and 2016, below the national average of 21.3%. Output per person (£22,120) in NCR has been consistently below the England average (£26,160) for many years and is below the Core Cities average.

As the chart below shows, GVA per head has diverged further since 2009 which underlines the relative slowness of NCR to recover from the financial crisis and recession. So NCR's output gap has been growing in recent years. Closing this output gap would provide a significant boost to the local economy which would be almost £1bn larger in value if this were achieved.




Source: ONS

***Low Productivity is a Major Challenge***

GVA per hour worked is the most widely used productivity indicator. There is a significant gap in productivity levels between England and NCR with the latter being around 3% lower. Moreover, between 2011 and 2016 the rate of increase in productivity in the NCR was significantly lower (0.7%%) than that achieved nationally (2.9%). The underlying causes of NCR's 'productivity gap' over the long-term are more likely to be structural than cyclical and we know that the key drivers that underlie long-term productivity performance are investment, innovation, skills, exporting and trade, enterprise and competition.

***The Labour Market is Under-Performing***

The economic recession had a significant negative impact on NCR's labour market. As the table below shows, there are three key labour market indicators where NCR has performed consistently worse than the national average since the onset of the recession in 2008: the Employment Rate, JSA Claimants rate and Out of Work Benefits rate.

| | Employment Rate % | | JSA Claimant Rate % | | Out of Work Benefits Rate % | |
|---|---|---|---|---|---|---|
| | NCR | England | NCR | England | NCR | England |
| 2008 | 67.7 | 72.7 | 2.6 | 2.1 | 12.3 | 11.2 |
| 2009 | 69.0 | 72.1 | 4.3 | 3.9 | 13.4 | 12.3 |
| 2010 | 66.0 | 70.4 | 4.0 | 3.5 | 12.7 | 11.6 |
| 2011 | 64.9 | 70.3 | 4.6 | 3.7 | 13.2 | 11.7 |
| 2012 | 67.1 | 70.2 | 4.7 | 3.7 | 12.6 | 11.3 |
| 2013 | 65.8 | 70.1 | 4.3 | 3.4 | 11.5 | 10.3 |
| 2014 | 66.0 | 71.7 | 3.2 | 2.3 | 10.4 | 9.3 |
| 2015 | 67.7 | 72.9 | 2.4 | 1.8 | 9.8 | 8.6 |
| 2016 | 71.1 | 73.9 | 2.2 | 1.7 | 9.3 | 8.1 |
| 2017 | 69.4 | 74.4 | 2.3 | 1.8 | - | - |
| 2018 | 68.4 | 75.2 | 2.2 | 2.1 | - | - |

Source: NOMIS

In 2015, NCR had 40,650 people who were claiming Out of Work Benefits: 9.3% of the population of working age compared to 8.1% for England.

***Earnings and Income Level are Below Average***

Lack of local spending power is a key constraint to the local economy and a major factor in explaining relatively high levels of multiple disadvantage.

- Average workplace-based earnings in NCR (£31,400 in 2017) are significantly below the average for England (£36,100) and the Core Cities average (£32,800).
- Disposable household income per head (£16,300 in 2015) in NCR was above the Core Cities average (£15,900) but well below the national average of £19,400.

***Lack of Qualifications and Skills***

Although NCR has seen a fall in the percentage of 16-64 year olds without qualifications (from 19.4% in 2008 to 9.0% in 2017), the rate of decline has not kept pace with that for England and a considerable gap (of 1.4 percentage points) remains between the two.

## Headline Economic Indicators

| INDICATOR | METRIC/INDICATOR | NOTTINGHAM CITY REGION PERFORMANCE |
|---|---|---|
| GVA | Total GVA £ | NCR's GVA (overall economic activity/performance) was worth £15.1bn in 2016. This had increased by 21.4% since the outset of the recession in 2008, lower than that for England as a whole (24.7%). |
| GVA per capita | GVA per capita £ | GVA per capita in NCR in 2016 (£22,700) was 16.2% lower than the national average (£27,100).<br>NCR's GVA per head has risen by 11.5% since 2008 compared with 17.0% nationally. |
| Employment | Employment Rate: people in paid work as a % of 16-64 yr. olds | NCR's employment rate in 2018 (68.4%) is significantly below the England average (75.2%).<br>Since 2008, NCR's employment rate increased by 0.3 percentage points whereas the England average rose by 2.5 pp. |
| Productivity | GVA per hour £ | GVA per hour was £27.4 in NCR in 2016, significantly below the national average (£33.0). |
| Earnings | FT average annual (mean) earnings (residence-based) £ | At £35,700, average annual earnings in NCR compare with £36,100 for England. |
| Unemployment and Worklessness | JSA claimant rate %<br>Out of Work Benefits rate % | In July 2018, NCR's JSA claimant count (unemployment) rate was 2.2% compared with the England average of 2.1%.<br>The proportion of JSA claimants aged 16-24 years is higher in NCR (20.5%) compared to England (18.7%).<br>The proportion of NCR residents claiming Out of Work Benefits (9.3%) exceeds the national average (8.1%). |
| Household Disposable Income | Gross Disposable Household Income per head £ | Household Disposable Income per head (a good indicator of economic welfare) in NCR in 2015 (£16,300) was 16% below the national average (£19,400). |
| Business Stock | No. of active enterprises per 10,000 population aged 16+ | NCR (424) was significantly below the England average (559) in 2016. |
| Business Start-Ups | No. of businesses registering for VAT as a % of the active business stock (start-up rate) | The business birth rate in NCR (55.5) in 2016 was below the England average (83.6). |
| Skills | % 16-64 yr. olds without qualifications | The percentage of 16-64 year olds in NCR with no qualifications was 9.0% in 2017 compared with 7.6% for England. |
| | % 16-64 yr. olds with NVQ2 or above | The proportion of 16-64 year olds with NVQ2+ qualifications in NCR (74.6%) is on a par with the national average (74.2%). |

Source: ONS, National Accounts, BEIS

## Social

***Multiple Deprivation***

Many individuals and families in NCR continue to face multiple disadvantages. The Index of Deprivation 2015 showed Nottingham City as being the 8th most deprived Local Authority in England out of 326 Districts. This was a fall of 12 places from its position as the 20th most deprived LA in 2010.

Nottingham City ranks fourth of the Core Cities behind Liverpool (4th), Manchester (5th) and Birmingham (7th). The others are ranked as follows: Newcastle 53rd; Sheffield 60th; Bristol 62nd and Leeds 70th. Leicester and Derby are ranked 21st and 55th respectively.

| | 2015 rank | 2010 rank | Change |
|---|---|---|---|
| Blackpool | 1 | 6 | -5 |
| Knowsley | 2 | 5 | -3 |
| Kingston upon Hull | 3 | 10 | -7 |
| Liverpool | 4 | 1 | 3 |
| Manchester | 5 | 4 | 1 |
| Middlesbrough | 6 | 8 | -2 |
| Birmingham | 7 | 9 | -2 |
| **Nottingham** | **8** | **20** | **-12** |

Source: MHCLG

Taking an average score for the wider NCR area would give Nottingham a score equivalent to the 94th most deprived authority. If the other Core Cities were aggregated on the same basis to give an average for their Primary Urban Area, only Bristol, ranked at 133, would be less deprived than Nottingham.

***Worklessness and Long Term Unemployment***

Worklessness remains a serious problem for many NCR residents:

- NCR has an above average proportion of workless households – households in which no one is in work. In 2017, 65,000 (15.0%) of NCR households had no adult in work compared with 9.7% for England.
- Between November 2008 and November 2016 the number of NCR residents claiming Out of Work Benefits fell by -20.4%, far less than for England (-25.9%).
- The proportion of 16-64 year olds claiming Out of Work Benefits in NCR (9.3%) exceeds that for England (8.1%).

Claimant count data includes both Job Seeker's Allowance claimants and Universal Credit claimants looking for employment. Universal Credit in NCR is currently limited to single claimants and will remain so, until the rollout is widened in October 2018. Other parts of the country have already started 'full service' which means all new claimants claim Universal Credit. Under 'full service' the definition of unemployment broadens to include a wider range of people and results in increases in unemployment.

Data relating to the duration over which someone has been claiming JSA/UC is not currently available.

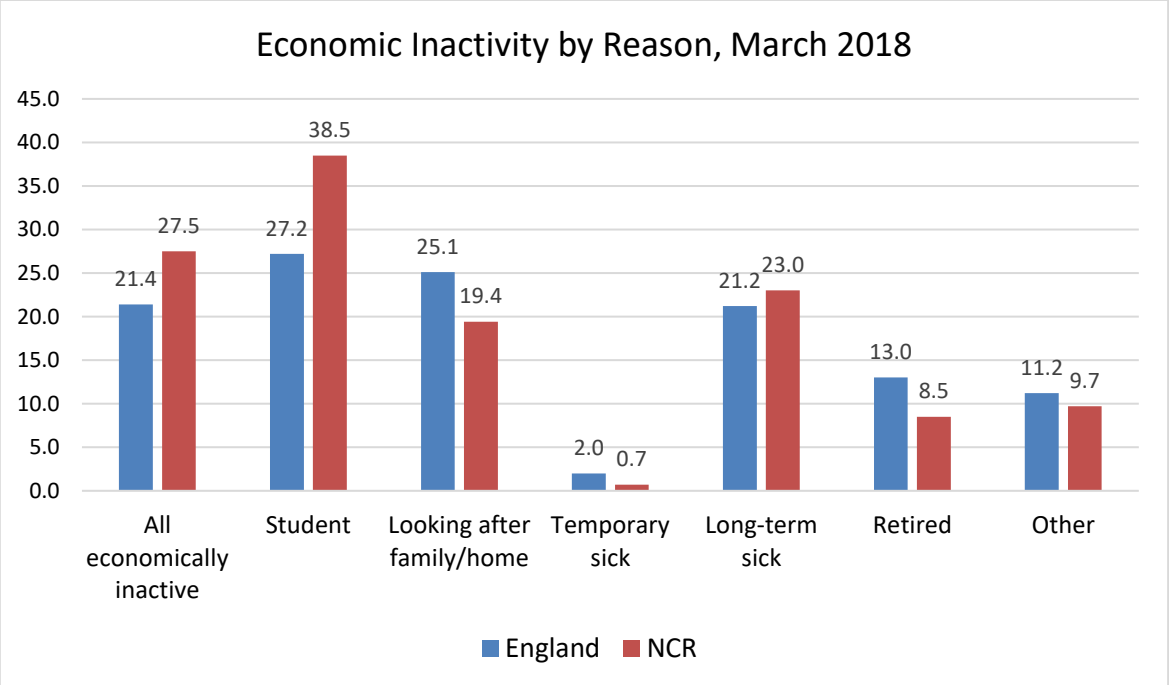
## Demographics

NCR's population is currently 688,000. It has been growing rapidly for over a decade and is forecast to continue to do so. Between 2015 and 2030 NCR's population is set to grow by 8.8% to 715,000 according to the ONS. This will bring challenges arising from both a larger population overall but also an increasingly older one with the number of people aged over 65 expected to grow by over 20% in the next decade alone.

An ageing population inevitably brings with it a variety of health challenges even with advances in medicine and treatment. One third (33.4%) of households in NCR contain at least one person with a long-term health problem or disability. In 7.2% of households, two or more people have such conditions. The proportion is comparable to the England average but the incidence is higher within Nottingham City where 34.2% of households include someone with a long-term health problem or disability.

These health challenges have implications for the levels of economic activity within the sub-region. 27.5% of the working age population of NCR are economically inactive (March 2018), a higher proportion than England (21.4%). Long-term health issues account for 23% who are inactive, with temporary sickness accounting for a further 0.7%.

NCR is home to a significant number of migrants. According to the 2011 Census, 12.8% of residents were foreign-born, with 58.4% of these being of Middle Eastern or Asian origin. 8.3% of NCR's population do not have English as a first language, a similar proportion to England as a whole.




Source: ONS

## Environmental and climate change

D2N2's natural environment plays a key role in the economy and attracts business, visitors and people to live and work in the area, and provides a number of economic opportunities such as the growth of the visitor economy, and the potential of the green economy. Any developments that detract from the environment have the potential to cause both environmental and economic harm. Investment in both green and blue infrastructure, conversely, can help to attract investment into areas, by creating a more attractive and sustainable environment for growth.

As well as environmental protection, resource efficiency measures can help to minimise the environmental impact of planned growth by supporting actions to reduce, reuse and recycle more. Improved resource efficiency generates both environmental benefits and business benefits. In the current economic climate, supporting businesses to improve their resource efficiency can make an important difference to costs and competitiveness. The area also has a number of companies supporting the development of new technologies and they could be supported to find new markets and develop new products.

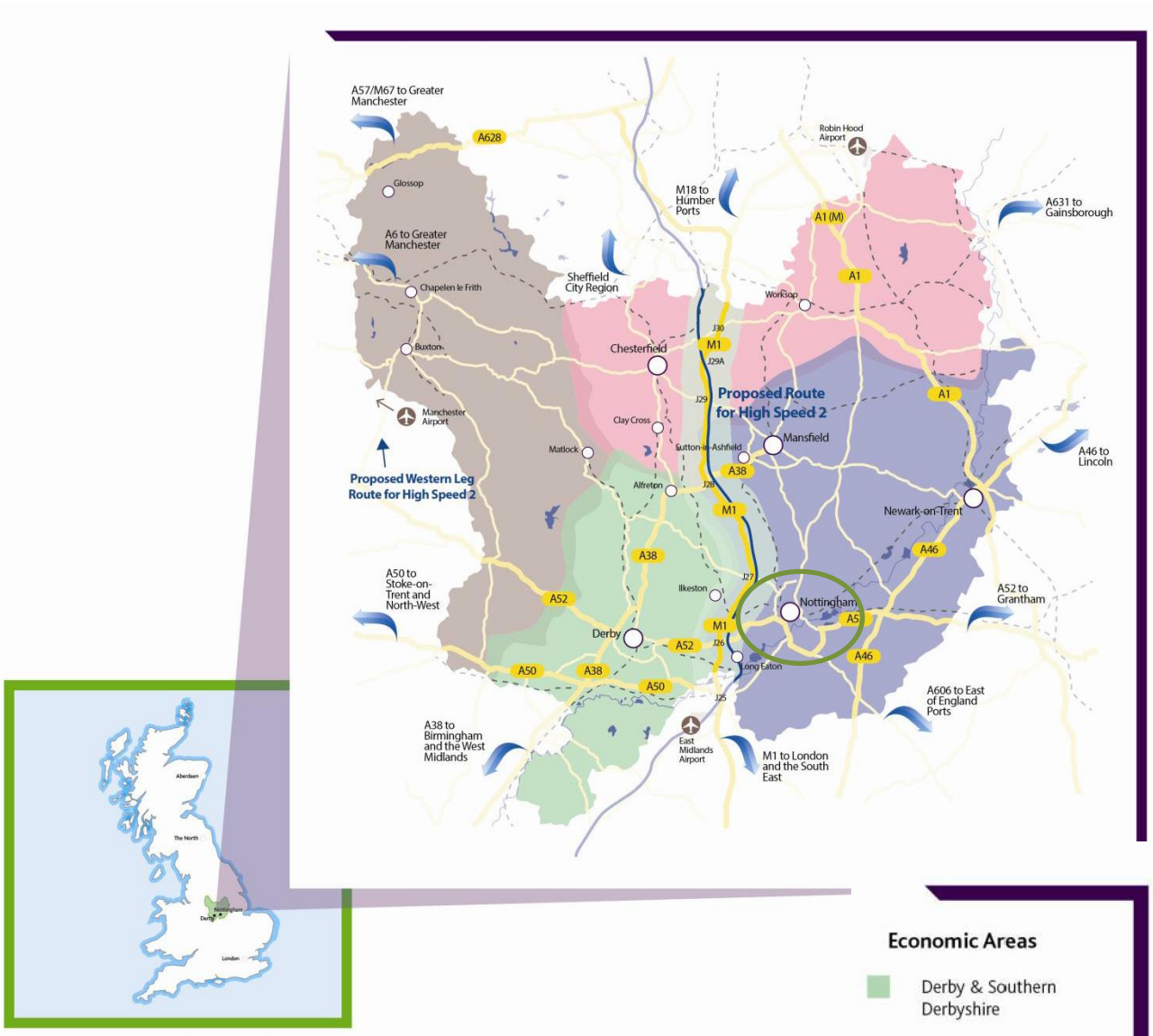
Nottingham City Council's Energy Strategy 2010-20 provides a framework for the City's plans, programmes and initiatives relating to sustainable energy supply and use: cutting emissions, maintaining energy security, maximising economic opportunities, and protecting the most vulnerable.

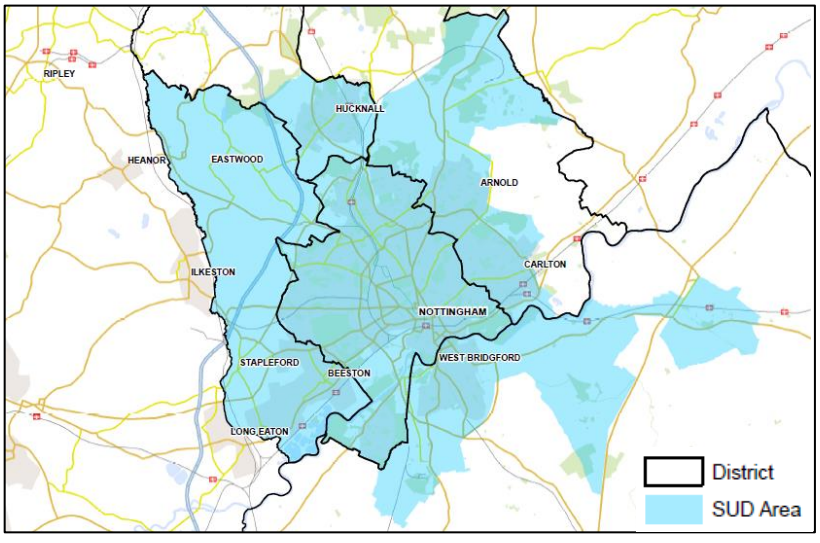
Since 2009 all the Councils in the area have continued to work together to ensure that planning policies of the Core Strategies are as consistent as possible across Greater Nottingham. This partnership approach has resulted in a high degree of alignment between the Core Strategies, which set out strategic planning policies and development principles for each council area.

## Strengths, Weaknesses, Opportunities and Threats

| STRENGTHS | OPPORTUNITIES |
|---|---|
| - Strengths in high-value growth sectors: digital content, life sciences and clean technology<br>- Major transport investments e.g. Tram Network and Station Hub<br>- Energy Strategy – including development of Robin Hood energy company – one of the most ambitious programmes in UK<br>- Research capacity in Universities<br>- Established presence of University of Nottingham in China and Malaysia<br>- Private sector commitment to city e.g. Nottingham Partners<br>- BioCity – largest BioPharma Incubator in Europe<br>- Increasing proportion of labour force with high level qualifications/skills<br>- Very high coverage rates for superfast fibre broadband, with most areas reaching in excess of 98% by 2018<br>- Internationally recognised university presence at Sutton Bonington with a focus on biosciences<br>- Diverse community with many attractive places to live | - Further development of Creative Quarter<br>- Selection as a UK government low carbon Pioneer City<br>- Nottingham Investment and Technology Grant Fund and Nottinghamshire Economic Development Capital Fund supporting local businesses to expand and diversify<br>- Midlands Engine established as growth driver for the region<br>- European Structural and Investment Funds allocation<br>- Enterprise Zone status and bids for further sites<br>- Young workforce and high student numbers<br>- Strong partnership working with other local authorities in D2N2<br>- Improvements to road networks – A453, A46 and major investment in employment and housing along the A46 corridor<br>- Major capital schemes on the horizon including the Gedling Access Road and Hucknall Inner Relief Road |
| **WEAKNESSES** | **THREATS** |
| - Low productivity and relatively high incidence of skill shortages and gaps.<br>- Enterprise birth (start-up) rate and survival rates relatively low<br>- High levels of welfare dependency and youth unemployment<br>- Employment base heavily skewed towards the public sector<br>- Employment Rate well below average for England and the East Midlands<br>- Workplace (average) earnings are significantly below the England average | - Demographic change – an increasing and more diverse but ageing population<br>- Anticipating skills needs and addressing skill shortages within key growth sectors<br>- Stimulating demand for jobs and skills within priority sectors which offer the greatest potential for wealth creation.<br>- Changing role of high streets and level of vacant premises<br>- Public sector spending cuts until at least 2020<br>- Inconsistent national energy policies<br>- Leaving the European Union in 2019 |

## Maps of SUD area



## Key stakeholders in the Nottingham SUD Strategy

### Local Authorities

| Name | Function |
|---|---|
| Nottingham City Council | Main urban authority and proposed accountable body. |
| Nottinghamshire County Council | Top tier local authority for the county outside the Nottingham City Council area. |
| Ashfield District Council | Local authority to the north-west of Nottingham City. |
| Broxtowe Borough Council | Local authority to the west of Nottingham City. |
| Gedling Borough Council | Local authority to the north-east of Nottingham City. |
| Rushcliffe Borough Council | Local authority to the south-east of Nottingham City. |

### Educational institutions

| Name | Status |
|---|---|
| University of Nottingham | Higher Education establishment |
| Nottingham Trent University | Higher Education establishment |
| New College Nottingham | Further Education establishment |

### Partnerships

| Name | Role |
|---|---|
| Derby, Derbyshire, Nottingham, Nottinghamshire Local Enterprise Partnership (D2N2 LEP) | Supports and encourages economic growth within the D2N2 are to make the D2N2 area one of the strongest and most resilient areas in the UK. |
| N2 Economic Prosperity Committee (EPC) and Combined Authority | Nottingham and Nottinghamshire (N2) EPC is a joint committee of Nottingham City Council, Nottinghamshire County Council and all shire district councils. It is a decision making body on strategic economic development issues. |
| N2 Skills and Employment Board | Making sure the skills and employment support landscape across Nottingham and Nottinghamshire best supports business growth and job creation. |
| Greater Nottingham Transport Partnership | Forum for dialogue on transport issues across administrative boundaries between local authorities, transport operators and stakeholders in other public, private and third sectors. |
| Nottingham Green Partnership | Partnership bringing together representatives from the public, business, and third sectors to support the delivery of the Nottingham Energy Strategy, Waste Strategy and Climate Change Strategy. |

| | |
|---|---|
| Marketing Nottingham and Nottinghamshire | Marketing Nottingham and Nottinghamshire to increase inward investment and grow the visitor economy |
| Nottingham Crime & Drugs Partnership | Bringing together partners to reduce the level and impact of crime and anti-social behaviour in all of the communities in Nottingham. |
| South Nottinghamshire Community Safety Partnership | Bringing together partners to reduce the level and impact of crime and anti-social behaviour in Rushcliffe, Gedling and Broxtowe. |
| One Nottingham | Strategic Partnership for the City, bringing together public, private, voluntary and community sector organisations to champion a long term vision for Nottingham and tackle disadvantage. |
| Creative Quarter | The Creative Quarter is Nottingham's flagship project to foster entrepreneurial spirit and create a great environment for innovative business creation. |

## Relevant local, regional and national policies

### *Local*

**The Nottingham Plan to 2020**

The Nottingham Plan to 2020 sets the overall strategic direction and long-term vision for the economic, social and environmental wellbeing of the City of Nottingham.

**Nottingham Growth Plan**

The Nottingham Growth Plan sets out a series of measures for driving the Nottingham economy forward. It targets key sectors to support, including through the development of sector hubs for the life sciences, cleantech and digital content sectors.

**Nottinghamshire Growth Plan**

The Nottinghamshire Growth Plan aims to deliver sustained improvements to the County's economy and a new sense of confidence amongst its business community and wider partnerships. The plan focuses on the key drivers of economic growth - businesses, infrastructure and talent.

**The Creative Toolkit**

The Creative Quarter Toolkit outlines a shared vision for the Nottingham CQ area and the local creative industries - supporting enterprise and innovation; creative people; a highly skilled and diverse workforce; and shaping a dynamic place with the best possible infrastructure.

**Nottingham City Local Plan**

The Local Plan comprises the Nottingham City Aligned Core Strategy (part 1 Local Plan) and the 'saved' Local Plan policies. The Nottingham City Aligned Core Strategy sets out strategic planning policies and development principles for Nottingham City to guide development until 2028.

**District and Borough Council Local Plans**

The Councils of Broxtowe, Gedling and Nottingham City, Ashfield and Rushcliffe, with the support of Nottinghamshire County Council, have been working in partnership to produce an aligned set of policies and principles on how the city-region can develop between 2011 and 2028. Broxtowe, Gedling and Nottingham City Councils adopted their aligned Core Strategies in September 2014. Rushcliffe has also adopted its Core Strategy consistent with the other councils.

**Joint Strategic Needs Assessment (JSNA)**

This provides a picture of the current and future health and wellbeing needs of the local (Nottinghamshire) population. The JSNA consists of reports on Adults and Vulnerable Adults; Children and Young People; and Older People.

**An assessment of the Impact of Housing on Health and Wellbeing in Nottinghamshire (2013)**

This looks at housing as a wider determinant of health and wellbeing. Ensuring the population has appropriate housing will prevent many problems well in advance of the need for clinical intervention.

**Child Poverty in Nottingham (2014)**

Two-thirds of City children live in families that receive financial support from the Government, either because nobody in the household works or those who are in work, earn a low income. This is significantly higher than the England average.

## *Regional*

**D2N2 ESIF Strategy**

This strategy sets out D2N2's ambitions for the 2014-2020 ESIF strategy, and how the LEP proposes to use its allocation of ERDF, ESF and EAFRD funds to achieve these ambitions.

**D2N2 Strategic Economic Plan**

The SEP provides a programme of investment including the key economic infrastructure to be developed with partners. It places a significant emphasis on supporting the area's SME base and the creation of higher value jobs in the private sector. The SEP is currently (2018) being refreshed to provide a vision for the next decade and a basis for a local industrial strategy.

## *National*

**Industrial Strategy – Building a Britain Fit for the Future (2017)**

UK government strategy for a transformed economy based on the five foundations of productivity: Ideas, People, Infrastructure, Business Environment and Places. Designed to form the basis for future local industrial strategies to be developed by LEPs.

**ERDF England Operational Programme 2014 to 2020**

This strategy is focused firmly on growth, building on England's competitive advantages and addressing key bottlenecks in specific sectors and geographies. It aligns EU funding with England's aspirations for locally driven growth.

# Section 3: Strategy for Sustainable Urban Development

The Nottingham Growth Plan (2012, updated 2014) sets out an economic strategy for Nottingham that builds particularly on the city's key sectors. Sector hubs are continuing to develop, and various business growth programmes have provided dedicated space, support and finance for early-stage high-growth businesses.

The D2N2 LEP Strategic Economic Plan identifies eight key sectors in which the D2N2 area has exceptional strengths and which have the greatest potential to increase employment, exports and GVA. These eight designated key sectors are:

- transport equipment manufacturing
- life sciences
- food and drink manufacturing
- construction
- the visitor economy
- low carbon goods and environmental services
- transport and logistics
- creative and digital industries

However, the LEP Strategic Economic Plan also acknowledges that a dogmatic approach to these key sectors is unnecessary and that, additionally, there will be growth exemplars outside these key sectors which will also make a major contribution (for instance the wider advanced manufacturing sector and the service sector). The Nottingham Growth Plan, which naturally has considerable synergy with the LEP Strategic Economic Plan, identifies three of these key sectors as being of particular importance/potential for the City itself namely life sciences, low carbon goods and environmental services, and creative and digital industries.

The life sciences sector has seen significant infrastructure development over the past five years in the Nottingham City LA area with the BioCity and MediCity initiatives and BioCity 2 and the Boots Enterprise Zone on the horizon. The priorities for SUD in this area are the low carbon goods and environmental services sector and the creative and digital industries sectors, based on a sound demonstration of demand in our socio-economic analysis. However, in the wider SUD geography we know there will be both demand and appetite to support other priority sectors, and we do not wish to preclude submissions which support these other sectors.

The D2N2 ESIF Strategy identifies key challenges to meet:

- Low levels of enterprise and entrepreneurialism
- A lack of co-ordinated financial support and expertise available to SMEs looking to develop business growth
- The uncertainty over future returns which prevents commercial investment in employment sites and premises
- Ensuring adequate resilience to the effects of climate change

It also identifies ways of addressing these through ESIF supported interventions:

- Unlock creation of new jobs through delivery of employment growth areas
- Create a sustainable, low carbon future for the D2N2 area
- Capitalise on strengths within priority sectors (including low carbon goods and services & creative industries)

Building on this background, the NCR SUD embeds support for the integrated development of our key sectors as part of the D2N2 ESIF strategy. Nottingham, as the core city and major economic driver of the D2N2 area, will develop the SUD as an integral part of the ESIF strategy and ensure that the SUD provides a complementary programme working with other operations in the area.

Nottingham is the Core City in the D2N2 Local Enterprise Partnership (LEP) which covers Nottinghamshire and Derbyshire. We will use the definition of the Nottingham City Region that covers the whole of Nottingham City local authority area, plus connected urban parts of the surrounding districts of Ashfield, Broxtowe, Gedling and Rushcliffe. Population for this area is roughly 688,000.

The Nottingham Growth Plan and the D2N2 Strategic Economic Plan are integral to this Sustainable Urban Development strategy, which also aligns to the D2N2 ESIF priorities. There is a strong focus on our City Deal agreed with government, particularly on development of the creative and digital industries and clean technology sectors. In addition, the Nottinghamshire Growth Plan, currently in development, aligns to D2N2 strategic priorities and includes the whole of the Nottingham City Region area.

Nottingham is at the forefront of building new governance structures that will be fit for purpose in an unpredictable future. We recognise that businesses and people work across local authority boundaries and so Nottingham and Nottinghamshire local authorities (N2) have created an Economic Prosperity Committee of the leaders of the city, county and seven district Councils within the area.

This will oversee the development and alignment of relevant local authority plans, ensuring that major economic decisions involving public investment and infrastructure in the area are taken with a view to growing the whole of the NCR economy.

A ‘Devolution Deal’, which will have statutory powers that could cover economic development, skills, regeneration and transport, is being discussed with government, but agreement on a geographical area for this has not yet been reached.

## Programme Model

**This Sustainable Urban Development (SUD) strategy for the Nottingham City Region, part-financed through the European Structural and Investment Funds (ESIF), will support a range of activities to improve productivity across our priority sectors and make our urban area 'smart'. It will do this through calls that promote a joined up, programmatic approach, to provide:**

- Capital investment to provide space for businesses in local key sectors to start up and grow:
    - In energy efficient buildings
    - Connected to high-speed broadband
    - As part of an urban network of growth and innovation hubs
- Revenue funding for:
    - Business support (including start-up)
    - Events and marketing
    - Grants
    - Network management
    - Projects which engage businesses in the 'smart city'

**The criteria for a successful SUD bid should include:**

- Delivery of value for money outputs linked to sustainable business growth;
- The provision of facilities which are valued by business, but which are not provided by the market without intervention;
- An addition to Greater Nottingham's growth and innovation eco-system;
- Making the city's economy 'smarter' and more sustainable;
- Integration with the D2N2 Growth Hub;
- The ability to deliver services over the whole SUD area.

There may also be a case made for overarching management of the SUD network to ensure a joined up approach which will be capable of connecting activities and support within specific hubs. This could build on existing structures, and reflect the growth potential within these structures and in clusters of SMEs and activity in the urban parts of the surrounding districts and county of Nottinghamshire.

- ***Call specifications will encourage coherence but allow innovation of approach.***

The model will develop and deliver a joined up programme of capital and infrastructure works and business support activities in specific hubs within the Nottingham City Region. It will be sector specific building on our strengths in the Core City and within clusters of SMEs in the district areas.

Specifically, Nottingham's outer city regions require a degree of specialist support to ensure they receive the benefits deriving from the development of these sectors and other ESIF priority sectors.

One model for this could be through the development of networking activity supporting the development of innovation, knowledge exchange and research expertise in these sectors.

- ***Proposals which contribute to the development of a 'smart' city-region will be encouraged.***

Greater Nottingham has an ambition to be a Smart City. This can be defined in many ways, but at its root is about how the needs of citizens and businesses are met in a sustainable way through the use of technologies linked by data. In focusing the SUD strategy on the development of an innovation and growth ecosystem, we are also looking for the investment to contribute to Greater Nottingham's development as a smart city-region.

**The SUD will primarily draw in funding and provide outputs from three Priority Axes of the ERDF Operational Programme:**

- **PA2 – Enhancing access to, and use and quality of, ICT**
- **PA3 – Enhancing the competitiveness of SMEs;**
- **PA4 - Supporting the Shift towards a Low Carbon Economy in All Sectors**

SMEs drive innovation and growth in the economy. However, there is wide variation in SME Competitiveness. SMEs face various barriers to growth especially in accessing finance and export markets. Our SUD will address the market failures around lack of relevant, sector-based business support and access to quality, supported business incubation environments.

We will do this through calls for a number of actions under these themes, particularly focused on raising productivity through:

1. **Provision of business incubation, managed workspace, or grow-on space.**

   We will welcome bids that propose the provision of business incubators (including accelerators for growing SMEs) in key sectors to offer firms space, support with training, finance and technology, and opportunities to cluster and benefit from knowledge networks. Successful bids to develop incubators will address market failures related to information and lack of access to finance, land, and resources. Evaluation evidence for the European Commission on business incubators found that incubators can have a significant net contribution to encouraging business growth and innovation. In evaluating bids, we will take account of the report of the European Court of Auditors: *Has the ERDF successfully supported the development of business incubators?* (2014) which stresses the importance of integrated business support for incubators.

2. **Supporting SMEs to develop ICT products and services and enhancing demand for ICT**

   Without support for businesses to help translate ICT and technological capabilities relating to superfast broadband and other technologies into commercial opportunities or different ways of

working, the full potential benefits of infrastructure investment are unlikely to be realised. We will look to support bids that help to build sustainable economic growth for businesses through taking advantage of digital connectivity, providing opportunities for enhanced support to SMEs to increase their use of broadband and other emerging technologies to broaden their product and service offer.

3. **Accelerating the development, innovation, adoption and deployment of low carbon technologies and related supply chains/ infrastructure.**

The development of low carbon buildings and technologies is essential if we are, as a city and a nation, to reach our carbon reduction targets. SUD funding will support bids that offer innovation in and adoption of low carbon technologies linked to the EU's Strategic Energy Technology Plan. This could include the development of supply chains or small-scale infrastructure necessary to unlock larger projects. There is also scope for activity within whole place low carbon plans and addressing energy efficiency in public buildings.

4. **Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaborative projects. We will particularly welcome project proposals which recognise and reflect specific challenges faced by ethnic minority-led businesses, given the population mix of the Nottingham Urban area.**

A consistent finding of research on ethnic minority businesses is their relatively low use of mainstream business support. Many ethnic minority entrepreneurs rely instead on self-help, or informal sources of assistance such as family and friends. While these sources can be effective, businesses that are prepared to take advantage of the full range of available support are twice as likely to grow as those who don't use it. The challenge is therefore twofold – increasing entrepreneurial activity in the BME community and encouraging existing BME entrepreneurs to make more extensive use of the full range of support available. We will encourage bids that could help us to meet these challenges, for example through a programme of inspirational events featuring BME role models and exemplars or through BME networks –including the more informal networks – to increase uptake of business support.

## Fit with D2N2 Strategic Economic Plan (SEP) and other strategies

The Nottingham SUD Strategy addresses the key sectors of the D2N2 LEP (Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership).

It particularly supports the aim of the SEP to "support the creation of an additional 55,000 private sector employee jobs in D2N2 by 2023 … by inspiring economic growth and supporting firms to innovate, invest, export, grow and create sustainable jobs".

It also supports the aim of the SEP to support local firms actively involved in low carbon goods and services including power generation, retrofit and building construction, low carbon vehicles and fuels and energy technologies.

The SUD will contribute towards establishing the infrastructure and conditions that will support business and employment growth, including:

- A business support system that responds to the specific needs of businesses in the Nottingham City Region and promotes business start-up and growth.

- A range of tools to ensure that businesses can access the financial support they need.

- An innovation ecosystem that commercialises cutting edge R&D and supports product and process innovation.

- A skills and training system which ensures our young people are properly prepared for work, and enables employers to access the skilled workers they need.

- Economic infrastructure that meets the needs of the 21st century economy, including a range of employment locations and digital infrastructure to suit our diverse business base.

- A close fit with our key sector strategic action plans, particularly those for Creative and Digital Industries and Low Carbon.

Of course, not all of this will be funded through the relatively small part of ESIF earmarked for the SUD in Nottingham but we see the SUD as a central focus which can lever in other resources, for example ESF, the Regional Growth Fund and the Local Growth Fund, to develop an integrated and sustainable development plan for growth.

The SUD Strategy's other main drivers are the Nottingham Growth Plan – launched in July 2012, reviewed in 2014 – which set out an economic strategy for Nottingham that builds on the city's competitive advantage in the life sciences, digital content and cleantech sectors; and the Nottinghamshire Growth Plan, currently in development.

Despite the difficult financial climate, local councils have identified additional resources for business growth, place marketing, talent retention and skills, and physical regeneration. In addition, the Local Growth Deal has seen the City secure £59m that will support and strengthen the ambitions set out in the Growth Plan.

Over the past year the pace of delivery of Growth Plan projects has accelerated, and the impact of this can be seen in employment and business finance outputs. However, we have yet to see these outputs flow through into tangible, long term economic benefits. Unemployment has fallen; more people are in work in Nottingham, and as a result the overall economic output (measured by GVA) for the City is rising – by 5% in 2012. However, because the population is growing the employment rate hasn't yet risen significantly and, furthermore, productivity (GVA per hour worked) has remained static.

The productivity challenge reflects the national trend, and remains at the centre of what the Growth Plan set out to achieve – supporting growth and creating jobs in the 'knowledge economy' and ensuring that the local workforce is appropriately skilled to take advantage of new opportunities as the local economy develops.

**Relationship of SUD Strategy to ERDF Operational Programme and D2N2 ESIF Strategy**

**Our SUD strategy will target the following Priority Axes and Investment Priorities, with anticipated Outputs outlined in the accompanying tables.**

***A fuller description of Specific Indicative Actions and Outputs is included as Appendix 3.***

**Priority Axis 2 – Enhancing access to, and use and quality of, ICT**

Investment priority 2b: Developing ICT products and services, e-commerce, and enhancing demand for ICT

**Priority Axis 3: Enhancing the competitiveness of small and medium sized enterprises (SMEs)**

Investment priority 3a: Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.

Investment Priority 3c: Supporting the creation and the extension of advanced capacities for products, services and development.

Investment Priority 3d: Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes.

**Priority Axis 4: Supporting the shift towards a low carbon economy in all sectors;**

Investment Priority 4a – Promoting the production and distribution of energy derived from renewable sources.

Investment priority 4b: Promoting energy efficiency and renewable energy use in enterprises

Investment priority 4c: Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.

Investment Priority 4e – Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures.

Investment Priority 4f – Promoting research and innovation in, and adoption of, low-carbon technologies.

## Complementarity of European Social Fund (ESF)

Unemployment is falling in Nottingham as elsewhere in the UK. However, GVA per head within N2 has consistently lagged behind that of England which clearly demonstrates the existence of a productivity gap. We will develop ESF-supported provision in NCR to tackle our priorities across key sectors which will grow and provide more opportunities for higher level skills to be utilised.

Our jobs strategy is based around delivering innovative programmes that provide new approaches to employability, working with local community providers, employers and the DWP to maximise the

use of local authority, government and European resources. The local Growth Hub and Jobs Hub, both based in Nottingham City Council, work across the city region to provide a holistic service that brings together employers and people looking for work or to develop their skills. Bringing people into employment, helping them transfer into new areas of work and upskilling are linked to the needs of local businesses to attract skilled workers to achieve long-term, sustainable growth.

The 2017 D2N2 Skills for Growth strategy, currently in draft form, highlights four themes:

- Matching the Skills of the Local Labour Market to Meet the Needs of the Local Economy
- Raising Inspiration and Opportunity through a 'shared language' of Employability
- Raising Business Productivity and Competitiveness through Training, Skills, Education and a Long Term Strategy
- Influencing a Localised Strategy and Skills Infrastructure fit for the Local Economy

These will focus the work of partners on the development of a number of activities to improve workforce and business competitiveness, including:

- offering intensive support and positive interventions to those people furthest away from the labour market
- creating simplified mechanisms to increase Information, Advice and guidance (IAG) in schools by providing grounded and accurate information
- raising aspirations of the future workforce
- enabling future educators and leaders in schools to embed employability and raise awareness of the local economy
- providing opportunities to young people to understand better the world of work, through engagement with employers and meaningful work experience
- supporting a single point of access to micro-businesses
- supporting growth through apprenticeship academies aimed at the priority sectors
- developing a Low Carbon education and training strategy
- increasing higher and degree apprenticeships
- supporting workforce development and business growth
- joining up social inclusion, employment and skills provision

## Other major investments complementary to SUD

- **The Creative Quarter**… Nottingham's Creative Quarter (CQ) was formally launched in 2012 by European Commission Vice-President Antonio Tajani, who said that the CQ put Nottingham in a position to be a "a pilot project for other cities in Europe for the third industrial revolution". Initiatives have promoted the CQ as a centre for innovation, with a diverse mix of retail, leisure, cultural, life sciences and new media businesses in the heart of the city. A mix of grants, loans and practical advice offers support to businesses to move to and stay in the area.

- **Multi-million pound investments in our Universities** … including the new University of Nottingham Jubilee Campus and the expansion of Nottingham Trent University.

- **Nottingham's Enterprise Zone**… comprising four sites in Nottingham and Broxtowe, each of which will deliver major new opportunities in the life sciences, medical and digital sectors.

- **Hucknall Rolls Royce site**…In a venture between Ashfield District Council and Rolls-Royce, a master plan has been established to provide 900,000 sq. ft. of employment space and 900 homes by 2025.

- **New Art Exchange and Nottingham Contemporary**… These contemporary arts and performance centres, part-funded through ERDF, have played a large part in transforming the cultural and creative life of the city.

- **The D2N2 Growth Hub**… was established by the Local Enterprise Partnership to drive SME growth by bringing coherence to the business support landscape.

- **Superfast Nottingham**… Nottingham was one of the first cities in the UK to develop a bespoke superfast broadband pilot project for businesses – Ultraband. Better Broadband for Nottinghamshire (BBfN) is a multi-million pound partnership between Nottinghamshire County Council and BT, UK Government, D2N2 LEP and ERDF.

- **Victoria and Broadmarsh Centres redevelopment**… the two main shopping centres in the city are currently undergoing significant redevelopment. In particular there are plans to completely remodel the Broadmarsh Centre, the gateway to the city centre from the railway station.

- **Nottingham Skills Hub**… the Government has approved funding for the city's two FE colleges, now amalgamated as Nottingham College, to build a £60m Skills Hub on the edge of the Creative Quarter. The previously derelict 1.3 hectare plot to the east of the Broadmarsh Centre and behind Nottingham Contemporary, located on the tram network and close to the railway station is currently being developed.

- **HS2**… the new High Speed railway will link into the city via a station at Toton (between Nottingham and Derby and at the terminus of a recently opened tram line). It will further reduce journey times between Nottingham and London, Birmingham, Manchester and other parts of the UK (and also into Europe via Eurostar). The Toton station is also close to East Midlands Airport, our regional airport.

- **Remourban**… a 'smart cities' transnational project developing a sustainable urban regeneration model incorporating the energy, mobility and ICT sectors.

**Transport programmes including:**

- **The Nottingham Tram network** … The initial line of Nottingham Express Transit (NET) opened in 2004, connecting the north of the city to the city centre. Lines 2 and 3 opened in 2015 and extend the network to the west and south of the city.

- **Major transformation of Nottingham Railway Station**… A £60m redevelopment of the city's railway station was completed in 2014. The restoration includes the construction of an additional platform, shops, and a bridge to carry NET trams over the station.

- **A453 and A46 corridors and associated employment opportunities**… the recently widened A453 and the A46 corridor scheme have massively improved road links around Nottingham.

- **Hucknall Inner Relief Road**… major capital investment in Hucknall has completed a new inner relief road which will enable the development of further employment opportunities.

**We will also seek to augment the SUD strategy with projects funded through the new EU Urban Innovative Actions programme.**

## Innovation of approach and national / international significance

We already work with the other core cities in England on our approaches to SUD – through meetings and on-line sharing of ideas - and while the SUDs cover different themes we plan to continue this approach to further develop a learning network.

We are excited by the possibilities of the European Urban Development Network and the new Urban Innovative Actions programme. We already have several active links on an international scale. We are twinned with Karlsruhe in Germany and have recently been developing our links to start taking a more formal approach to economic development and innovation programmes. A recent study visit from Nottingham included representatives of the CQ and Nottingham City Council to investigate how creative and digital industries in the two cities could benefit from business collaborations.

Nottingham already has strong links with Ningbo in China, where the University of Nottingham has a well-established campus; and we are also developing further our economic links with the Punjab region of India.

## Funding and expenditure profile

Potential sources of match funding include:

- Nottingham City Council
- Nottinghamshire County Council
- Ashfield District Council
- Broxtowe Borough Council
- Gedling Borough Council
- Rushcliffe Borough Council
- Local Growth Fund
- University funding
- Private sector funding

| Priority Axis | * | 2019 | 2020 | 2021 | Total | Total ERDF |
|---|---|---|---|---|---|---|
| 2 - ICT | EUR | 750,000 | 750,000 | 500,000 | 2,000,000 | 1,000,000 |
| | £ | *677,475* | *677,475* | *451,650* | *1,806,600* | *903,300* |
| 3 - SME Competitiveness | EUR | 6,000,000 | 6,000,000 | 2,130,000 | 14,130,000 | 7,065,000 |
| | £ | *5,419,800* | *5,419,800* | *1,924,029* | *12,763,629* | *6,381,815* |
| 4 - Low Carbon | EUR | 4,000,000 | 3,000,000 | 2,000,000 | 9,000,000 | 4,500,000 |
| | £ | *3,613,200* | *2,709,900* | *1,806,600* | *8,129,700* | *4,064,850* |
| Totals | EUR | 10,750,000 | 9,750,000 | 4,630,000 | 25,130,000 | 12,565,000 |
| | £ | *9,710,475* | *8,807,175* | *4,182,279* | *22,699,929* | *11,349,965* |
| ERDF | EUR | 5,375,000 | 3,875,000 | 1,190,000 | 12,565,000 | |
| | £ | *4,855,238* | *3,500,288* | *1,074,927* | *11,349,965* | |
| Match funding | EUR | 5,375,000 | 3,875,000 | 1,190,000 | 12,565,000 | |
| | £ | *4,855,238* | *3,500,288* | *1,074,927* | *11,349,965* | |

* The sterling values of ERDF notional allocations have been up-rated to reflect recent and forward sterling/euro exchange rates. The revised rate is €1=£0.9033 and is based on data as of 1st August 2018. The uprating of the sterling value of the allocations does not impact performance framework targets as these are based on the euro value of the programme.

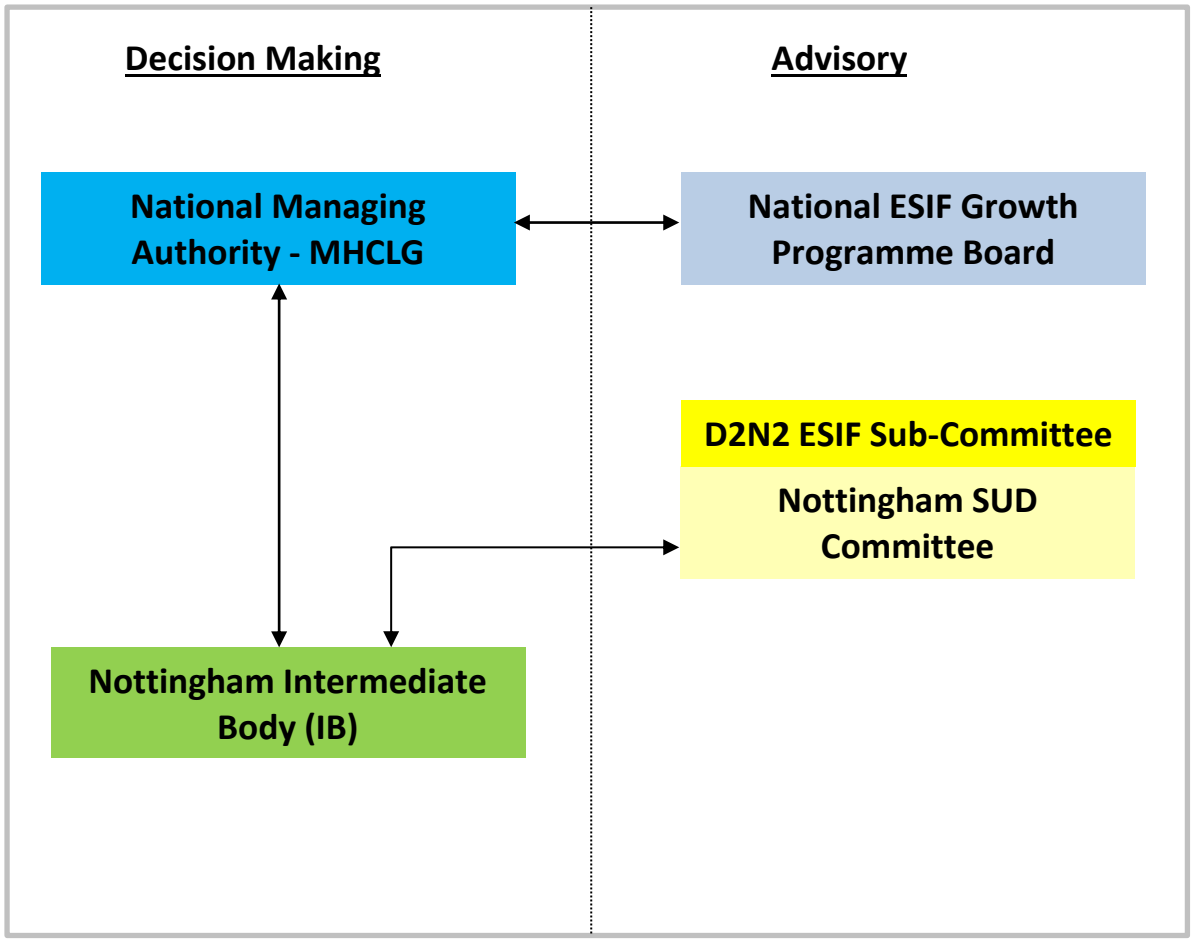
***Appendix 3 shows allocations by Priority Axes and a list of Indicative Actions, Results and Outputs.***

## Intervention Logic for SUD Strategy

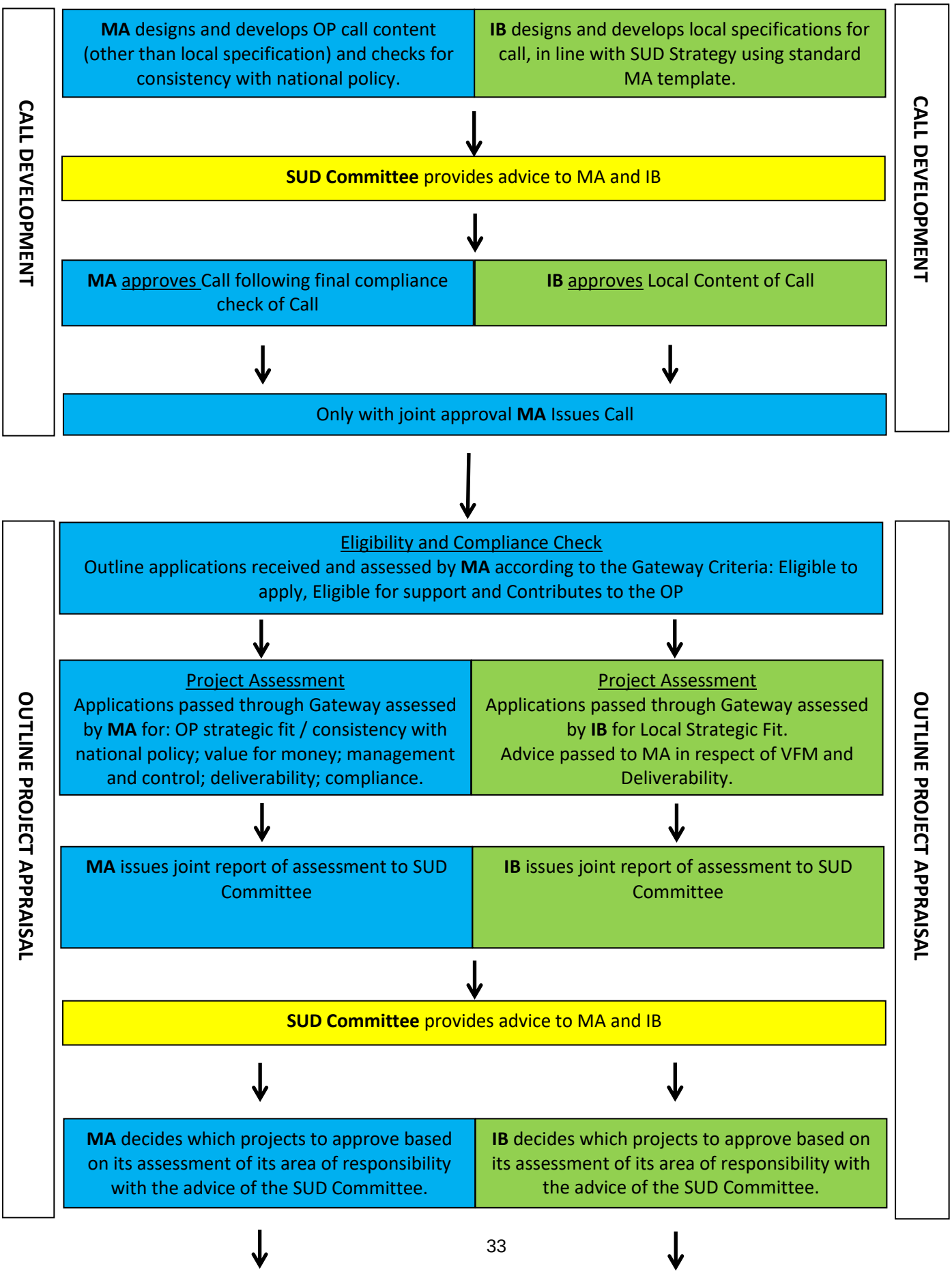
| D2N2 SEP Key Themes | Challenges | D2N2 SEP Vision | D2N2 ESIF Strategy Objectives | ERDF Thematic Objectives | ERDF Investment Priorities | Measuring Success | |
|---|---|---|---|---|---|---|---|
| | | | | | | Outputs | Results |
| **Infrastructure for Economic Growth**<br><br>**Business Support and Access to Finance**<br><br>**Low Carbon Action Plan** | ▪ Low levels of enterprise and entrepreneurialism<br><br>▪ A lack of co-ordinated financial support and expertise available to SMEs looking to develop business growth<br><br>▪ The uncertainty over future returns which prevents commercial investment in employment sites and premises<br><br>▪ Ensuring adequate resilience to the effects of climate change | ▪ Unlock creation of new jobs through delivery of employment growth areas<br><br>▪ Create a sustainable, low carbon future for the D2N2 area<br><br>▪ Capitalise on strengths within priority sectors (including low carbon goods and services & creative industries) | ▪ Provide high quality support to help established SMEs to grow further<br><br>▪ Increase the contribution to the economy of SMEs within priority sectors and their supply chains | TO2 – ICT (€1,000,000)<br><br>TO3 – SME Competitiveness (€7,065,000)<br><br>TO4 – Low Carbon Economy (€4,500,000) | IP 2b: Developing ICT products and services, e-commerce, and enhancing demand for ICT.<br><br>IP3 a: Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.<br><br>IP 3c: Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.<br><br>IP 3d: Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes.<br><br>IP 4a: Promoting the production and distribution of energy derived from renewable sources.<br><br>IP4b: Promoting energy efficiency and renewable energy use in enterprises.<br><br>IP4c: Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings and the housing sector.<br><br>IP 4e: Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures.<br><br>IP 4f: Promoting research and innovation in, and adoption of, low-carbon technologies. | ▪ Enterprises receiving support<br><br>▪ New enterprises supported<br><br>▪ Additional businesses taking up broadband with speeds of at least 30Mbps<br><br>▪ Employment increase in supported enterprises<br><br>▪ Public or commercial buildings built or renovated<br><br>▪ Potential entrepreneurs assisted to be enterprise-ready<br><br>▪ Estimated annual decrease of GHG<br><br>▪ Decrease of annual primary energy consumption of public buildings | ▪ Increased number of small and medium sized jobs<br><br>▪ Reduced gap in productivity between SMEs and large companies productivity measured in terms of GVA per employee<br><br>▪ Reduction in carbon emissions in areas with low carbon strategies |

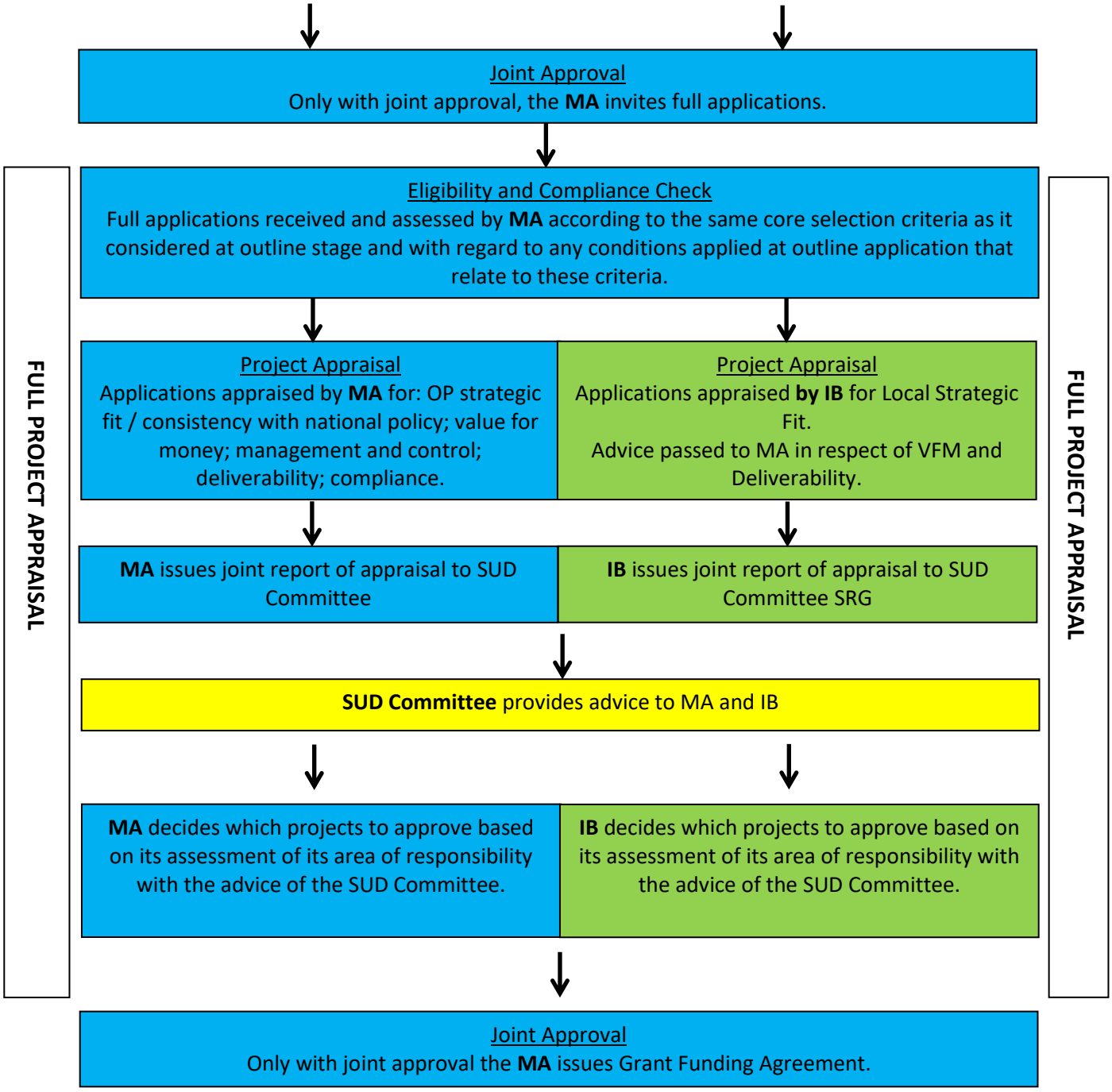
## Section 4: Partnership and Governance arrangements

**Governance – roles of committees, Managing Authority and Intermediate Body**



## Flow chart of IB/ MA roles in calls and project selection for SUD




Joint Approval
Only with joint approval, the **MA** invites full applications.
Eligibility and Compliance Check
Full applications received and assessed by **MA** according to the same core selection criteria as it considered at outline stage and with regard to any conditions applied at outline application that relate to these criteria.
FULL PROJECT APPRAISAL
Project Appraisal
Applications appraised by **MA** for: OP strategic fit / consistency with national policy; value for money; management and control; deliverability; compliance.
Project Appraisal
Applications appraised **by IB** for Local Strategic Fit.
Advice passed to MA in respect of VFM and Deliverability.
FULL PROJECT APPRAISAL
**MA** issues joint report of appraisal to SUD Committee
**IB** issues joint report of appraisal to SUD Committee SRG
**SUD Committee** provides advice to MA and IB
**MA** decides which projects to approve based on its assessment of its area of responsibility with the advice of the SUD Committee.
**IB** decides which projects to approve based on its assessment of its area of responsibility with the advice of the SUD Committee.
Joint Approval
Only with joint approval the **MA** issues Grant Funding Agreement.

Nottingham City Council is the lead urban authority for the SUD. It works with partners to bring forward projects in the Nottingham City Region area. A separate Nottingham SUD Committee advises the IB (which has formal responsibility for making decisions on local strategic fit). The SUD Committee has an on-going relationship with the wider D2N2 ESIF sub-committee.

Functions are separated to ensure that there is sufficient differentiation between parts of the IB organisation undertaking MA functions and those involved in project development and delivery activities, according to formal agreement with the MA.

**Role of the SUD Committee**

**Advises on:**

- Project calls
- Making recommendations on strategic fit of projects
- Oversight of delivery & outputs

**Role of the Intermediate Body**

- Agrees composition and practical arrangements for SUD Committee
- Develops calls for projects
- Decides on projects to take forward (with advice of SUD Committee).

**Role of the IB SUD Officer**

- One FTE Officer employed by Nottingham City Council
- Carries out initial assessment of Outline Applications to ensure local strategic fit.
- Carries out appraisal of Outline Applications to ensure local strategic fit.

**Role of the Managing Authority**

- Agrees call with IB
- Checks outline applications meet gateway criteria
- Technical appraisal on full applications
- Signs funding agreement with applicant
- Monitoring and audit of projects

**Operation of the SUD Committee**

SUD accountability rests with the urban authority to which the MA functions have been delegated. The urban authority is the intermediate body, and not the partnership from which it gets its advice. The SUD Committee incorporates necessary representation (e.g. district and unitary authorities, universities, private sector, environmental and equalities)

**Operation of the Intermediate Body**

ERDF regulations state that: “The Member State may designate one or more intermediate bodies to carry out certain tasks of the managing or the certifying authority under the responsibility of that authority”.

Urban authorities within Core City Regions are designated as Intermediate bodies for SUD and have responsibilities for specified elements dealing with the selection of projects.

Designated Urban Authorities have the following responsibilities:

- Establish Intermediate Bodies as are required by the terms of the written agreement with the Managing Authority;

- Prepare a Sustainable Urban Development Strategy in line with Article 7 ERDF Regulation which will be assessed and approved by the Managing Authority;

- Establish a Sustainable Urban Development Committee to provide advice on local economic growth conditions and opportunities within the context of the Sustainable Urban Development Strategy to aid the Urban Authority's assessment;

- Ensure membership of this Committee reflects the Priority Axes and range of interests covered by the Sustainable Urban Development Strategy;

- Ensure that operations to be funded are consistent with the scope of the delegation and applying the criteria approved by the Programme Monitoring Committee.

As the Urban Authority acting as the Intermediate body for SUD is proposed to be Nottingham City Council, ethical walls are in place to separate the governance role from bidding roles.

**SUD calls and bidding process**

Applicants are invited to submit applications in response to a call.

Calls specify the local growth priorities within the context of the SUD Strategy. The SUD Committee provides advice and local intelligence to the Intermediate Body in the development of project calls that reflect the SUD Strategy as well as match funding opportunities.

The IB produces the content of the call relating to local strategic needs and priorities. The MA produces the content of the call relating to Operational Programme priorities and technical compliance.

The call may:

- be quite broad and open or more specific and defined to meet a particular local need or opportunity;
- specify a minimum or maximum size of project;
- define the duration of the project;
- describe the timescale for the process.

**Application process**

Applications for grant funding from the European Structural and Investment Funds (ESIF) may only be submitted in response to a published call for proposals.

The main route for securing funding in the 2014 to 2020 ESIF SUD programme is as follows.

i. An applicant submits an outline application. The applicant will need to take into account all the relevant rules and guidance in developing their proposal.

ii. The IB will assess the outline application to see if it fits the requirements of the SUD Strategy and the relevant call. The IB will take advice from the SUD Committee on local economic growth conditions and opportunities to aid its assessment.

iii. The MA will assess the outline application to check that it meets gateway and other compliance criteria.

iv. If the proposal meets both sets of requirements, the Intermediate Body may invite the applicant to prepare a full application.

v. The IB will assess the full application to see if it fits the main requirements of the SUD Strategy and the relevant call. The IB will take advice from the SUD Committee on local economic growth conditions to aid its assessment.

vi. The MA will assess the full application to check that it meets other compliance criteria.

vii. If the application meets the both sets of requirements and offers the best option for the needs of the local area and SUD Strategy, the Intermediate Body will recommend that the Managing Authority (MHCLG) issues a funding agreement which sets out the terms of the grant.

viii. The applicant signs the funding agreement and the activity may start.

**Assessment of outline applications against the selection criteria**

The assessment of the outline application has two elements:

a) An initial gateway criteria assessment; followed by

b) An assessment against the core selection criteria.

**Gateway criteria**

These are the minimum requirements which must be met in order that any application is considered for funding support. They will be used when the outline application is first submitted. The applicant/application must demonstrate that:

- They are eligible to apply;
- The proposed project involves eligible activity; and
- It meets the priorities set out in the call and the SUD Strategy.

As well as meeting local criteria, the applicant must make sure their proposed project is eligible with relevant European regulations and national eligibility rules.

Once the MA is satisfied that the application has met the gateway criteria, the application will be assessed against the core selection criteria.

**Core Selection Criteria**
The MA and the IB will use a qualitative approach in assessing against the selection criteria.

The criteria are:

- Strategic fit
- Value for money
- Management and control
- Deliverability
- Compliance
    - Procurement
    - State Aid
    - Publicity
- Cross cutting themes
    - Gender equality and non-discrimination
    - Sustainable Development

The core selection criteria are the same at both Outline and Full Application stages, but more detail and evidence is required at the Full Application stage.

The IB will appraise the application against Strategic Fit. The IB can also offer advice on value for money and deliverability based on its knowledge of local conditions. The MA will appraise the application against the other criteria.

**Moving to full application**
Once an application has been assessed at Outline Application and it is clear that the proposal delivers both the SUD Strategy requirements and relevant local development needs, the applicant may be invited to prepare a Full Application.

The Managing Authority will first undertake financial vetting of the applicant organisation and will then invite successful applicants to submit a full application. The Intermediate Body will also notify applicants of any conditions or recommendations made at the outline assessment stage and the deadline for submitting the full application, which will normally be in line with the published call criteria.

The full application will build on the detail from the outline application. As it has already been assessed for the gateway criteria and local strategic fit, the proposal should not normally change materially in its nature or scope between the outline and full application stage. The areas likely to need significant work by the applicant include: cost assumptions, procurement processes, target methodologies, details about activities and outputs, and State Aid treatment.

**Preparing the Full Application**

Once an applicant has been invited to submit a full application, the IB and the MA will appoint appraiser(s) for the application. These appraisers will be the primary point of contact between the applicant and the MA/IB and will point them in the direction of any appropriate guidance or support. They will also inform applicants of areas of weakness and where further clarity is required.

It is the responsibility of the applicant to develop the application. They may wish to take independent advice or bring in technical expertise in developing their application. The MA/IB will not tell the applicant how it should structure or prepare their application. The applicant is responsible for developing the proposal and submitting the full application by the agreed deadline to the MA.

**Timescales for submitting a full application**

Most call specifications set a deadline for the submission of both the outline and full applications. If there are exceptional reasons why proposals are unable to meet the deadlines, the MA/IB may, at its discretion, extend the deadlines. Applications which fail to meet agreed deadlines will not be taken forward.

**The appraisal of the full application**

An appraisal is a technical assessment of the full application against the selection criteria to ensure that the proposal is deliverable, complies with European Union regulations and other applicable law, complies with the SUD Strategy, and is sufficiently well-defined to enter into a funding agreement and meet programme audit requirements.

If, in order to get through the outline application stage, the MA/IB suggested conditions that needed to be fulfilled by the applicant, the full application and appraisal will reflect how the conditions have been taken into account.

The SUD Committee will provide advice on local economic growth conditions and opportunities within the context of the SUD Strategy and the D2N2 European Structural Investment Funds Strategy to aid the IB's assessment at outline and full application stage. The IB will draw in other expertise as required and the MA may be required to provide specialist technical advice (e.g. lawyers, procurement practitioners, quantity surveyors).

**Funding Agreement**

The funding agreement is the formal agreement between the MA and the applicant. It is a legally binding agreement and it sets out the terms of the grant.

The MA will write to successful applicants notifying them of its decision to accept or reject an application and any proposed conditions of investment. The MA will work through the terms and any conditions which must be discharged prior to entering into the funding agreement with the applicant.

# Appendix 1 – Local Authority wards included in SUD

**Nottingham City**

Arboretum
Aspley
Basford
Berridge
Bestwood
Bilborough
Bridge
Bulwell
Bulwell Forest
Clifton North
Clifton South
Dales
Dunkirk and Lenton
Leen Valley
Mapperley
Radford and Park
Sherwood
St Ann's
Wollaton East and Lenton Abbey
Wollaton West

**Broxtowe**

Attenborough and Chilwell East
Awsworth, Cossall and Trowell
Beeston Central
Beeston North
Beeston Rylands
Beeston West
Bramcote
Brinsley
Chilwell West
Eastwood Hall
Eastwood Hilltop
Eastwood St Mary's
Greasley
Kimberley
Nuthall East and Strelley
Stapleford North
Stapleford South East
Stapleford South West
Toton and Chilwell Meadows
Watnall and Nuthall West

**Gedling**

Bestwood St Albans
Calverton
Carlton
Carlton Hill
Cavendish
Colwick
Coppice
Daybrook
Ernhale
Gedling
Netherfield
Phoenix
Plains
Porchester
Redhill
Woodthorpe

**Rushcliffe**

Abbey
Bingham East
Bingham West
Compton Acres
Cotgrave
Edwalton
Gamston North
Gamston South
Lady Bay
Lutterell
Musters
Radcliffe on Trent
Ruddington
Trent Bridge

**Ashfield**

Hucknall Central
Hucknall South
Hucknall North
Hucknall West

# Appendix 2 – Terms of Reference for the Nottingham Sustainable Urban Development (SUD) Committee

### A. Overview and governance context

1. The Nottingham Sustainable Urban Development (SUD) Committee ('the Committee') will provide advice to the Intermediate Body (IB) throughout the cycle of programme implementation.
2. The Committee will support the IB's role in considering overall SUD programme performance by specifically looking at and advising on the local, on-the-ground implementation of it, via project calls, applications and on-going implementation.
3. Local promotion of SUD funds and their impact will be a priority for the Committee, as will local leadership of this amongst partners.
4. The Ministry of Housing, Communities and Local Government (MHCLG) will be the Managing Authority (MA) responsible for the overall delivery of the SUD programme as part of the European Regional Development Fund (ERDF).
5. The Committee will be chaired by the same chair as the D2N2 ESIF Sub-committee who, along with the other members will be advocates for the opportunities and impact of the SUD strategy.

### B. Functions of the Committee

6. The Committee will have the following functions:
7. Provide advice to the IB on local development needs and opportunities to inform any changes to the SUD strategies.
8. Work within the areas they represent so that they engage with and understand the opportunities provided by the SUD strategy to support SUD objectives and local economic growth.
9. Promote participation amongst local partners to help bring forward activities which meet local needs in line with the SUD strategy.
10. Provide practical advice and information to the IB to assist in the preparation of local planning that contributes towards SUD priorities and targets.
11. Provide local intelligence to the IB in the development of project calls that reflect SUD strategy and local development needs as well as public and private sector match funding opportunities.
12. Provide advice on local economic growth conditions and opportunities within the context of the SUD strategy, as well as complementarity with interventions funded through other public and private sector funding, to aid the IB's assessment of applications at outline and full application stage.
13. Contribute advice, local knowledge and understanding to the IB to aid good delivery against spend, milestones, cross-cutting themes, outputs and results set out in the SUD strategy.
14. Having regard to the IB's statutory duties under the Equalities Act 2010, provide information advice and local knowledge regarding the likely and actual impact of the SUD strategy and plans on persons with the protected characteristics and advice on mitigating measures where adverse impacts are identified

### C. Operating practice of the Committee

15. The Committee will have a role in open project calls as detailed below:
16. The IB will draw up project call specifications relating to local strategic need and will be aided with intelligence on local development needs provided by the Committee. This will help to inform which Priority Axes and Investment Priorities calls focus on, the level of financial resources, any geographic focus and the timing of such calls.

17. Minuted advice provided by the Committee on specific local development needs will also be considered by the IB and reflected as appropriate as part of the project call information that will be published. The IB will be responsible for developing and finalising the local strategic need section of Project Calls. The MA will be responsible for other sections of the call and for publishing the call.

18. Minuted advice provided by the Committee on project calls will be within the context of the Nottingham SUD strategy, the D2N2 ESIF Strategy and other relevant factors, such as applicable policy initiatives and match funding opportunities that are/become available over the programme period.

Outline and full applications

19. Applications will be received by the IB from potential beneficiaries, at outline and full application stages.

20. The IB will assess the Local Strategic Fit of such applications against the Project Selection Criteria that have been agreed by the IB and the MA.

21. The IB will provide an assessment report for the Local Strategic Fit of each application to the MA, who will then complete a technical and value for money assessment and complete the report. This report will provide a synopsis of the project (which will be repeated verbatim from the application) and outputs, results and financial data. Once this report has been agreed by the IB and the MA, it will be circulated to the Committee.

22. The Committee will provide minuted advice to aid the assessment of the IB. The advice provided by partners will be in relation to the extent to which the proposed activity meets local strategic needs.

On-going implementation

23. EU Regulations state the National Growth Programme Board shall review implementation of the programme to which it relates and progress towards meeting its objectives, and shall examine all issues that affect Operational Programme performance. The Committee will do this at local level and will provide minuted advice, local knowledge and understanding to support the IB throughout the implementation of the SUD strategy.

24. The MA will provide the Committee with quarterly implementation reports and risk registers that set out progress in its area against SUD specific objectives and targets. These reports will be provided in a common format and will also be used to inform reports to the D2N2 ESIF sub-committee on SUD implementation.

25. The Committee will provide advice to the IB on programme evaluation, including IB preparations for the conduct of a mid-term review.

**D. Committee operating protocols**

26. Meetings will be normally held on a quarterly basis, and at least three times a year.

27. Full use will be made of smart technology to support meetings and attendance.

28. Meeting dates for each calendar year will be provided in advance.

29. Papers will be electronically circulated by the MA with the ESIF Sub-committee papers, normally five working days in advance of a meeting.

30. Any questions/comments on the agenda, papers or programme implementation should be addressed through the MA Secretariat.

31. The MA, in agreement with the IB may, where necessary, circulate papers or proposals to members via the Secretariat for advice by written procedures after consultation with the chair, with two weeks allowed for comment, unless exceptional circumstances dictate otherwise. The Secretariat will maintain a record of advice provided under written procedures.

32. After consulting the chair on draft meeting minutes, these will normally be circulated by the Secretariat within 10 working days of meetings.

33. Members should be able to attend regularly and be able to devote necessary time to any preparatory work. Members should not send a substitute unless this has been agreed in advance by the IB in consultation with the chair; it is suggested that all members should nominate a deputy for this purpose. Members missing more than 50% of meetings in a twelve month period or three meetings in a row may be asked to step down by the IB in its role as Secretariat, after consultation with the Chair.

34. The organisation that the member represents shall be responsible for reimbursing any reasonable expenses incurred in attending meetings of the Committee by that member.

Managing conflicts of interest

35. The IB will be responsible for ensuring that partner roles and responsibilities are clearly set out at all levels and that conflicts of interest are avoided.

36. To ensure that this is compliantly managed and that appropriate standards are maintained, Committee members will be required to sign an undertaking to abide by 'Seven Principles of Public Life', known as the 'Nolan Principles'.

37. The IB will establish a "declarations of interest" register which will be updated at each meeting.

38. The IB will be responsible for maintaining and monitoring the register and its application at each meeting.

39. Members must declare an interest in any agenda items at the start of each meeting and must not participate in discussions about either the development of project call specifications that are limited in scope/relate to a project in which they have an interest; or outline and full project applications that have been submitted by them or organisations for which they work/ by whom they are employed/that they represent.

40. Similar conditions relating to confidentiality, data protection and compliance with freedom of information requirements will apply to the proceedings of the Committee as to the members of the Committee.

The Secretariat

41. The Secretariat function will be provided by the IB which will work with the Managing Authority (MA) to draw up agendas and papers, for the meeting. The Secretariat will:

42. Be the Secretariat for the Committee and work with the MA to:

43. Schedule and manage meeting dates, venues, minute taking, record advice and collate and circulate papers, working closely with the Committee and the Chair;

44. Take the minutes of meetings and circulate them within 10 working days of meetings or exceptionally within a longer timescale;

45. Provide Management Information reports on behalf of the IB in a standard format;

46. Support the Chair, Committee and the IB in communicating progress and feeding in to D2N2 and national processes as appropriate;

47. Support communication between the GPB, D2N2 and The Committee.

**E. Membership**

48. The composition of the Committee will reflect the priorities and geographical focus of the SUD strategy.

49. The IB will be responsible for ensuring the membership is compliant with regard to these requirements. In putting together the Committee, the IB will have due regard to the Public Sector Equality Duty, taking account of the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people with and without a protected characteristic.

50. Partners to be represented are set out below (one person from each unless otherwise stated).
    - Chair
    - D2N2 Local Enterprise Partnership
    - Nottingham City Council
    - Nottinghamshire County Council
    - A representative drawn from one of:
        - Ashfield District Council
        - Broxtowe Borough Council
        - Gedling Borough Council
        - Rushcliffe Borough Council
    - Up to 3 private sector representatives
    - Voluntary & Community sector
    - Equalities sector
    - Environment sector
    - Trade Union sector
    - Higher Education sector
    - Education and skills & sector
    - Any others as required by the Committee

51. Each partner above should ideally be represented with a separate individual to minimise potential conflicts of interest. Members may represent more than one grouping in agreement with the IB.

52. The Chair will be the Chair of the D2N2 ESIF Sub-committee.

53. Members need to be clear about who they are representing and how. All partners selected should be representative of their sector and/or relevant stakeholders and able to demonstrate accountability to their constituencies.

54. Membership will be for a three year term. The IB will review Committee membership in 2020 to ensure its composition remains relevant to investments still to come forward through the Programmes. Where members leave before that time, representatives will be sought again by the IB from the sector/organisation they are representing.

55. By agreement with the IB there will be scope to invite expert guidance to specific meetings to assist consideration of a specialist proposal.

# Appendix 3 – Priority Axes, Indicative Actions, Results and Outputs

## Priority Axis 2 – Enhancing access to, and use and quality of, ICT

**Investment priority 2b: Developing ICT products and services, e-commerce, and enhancing demand for ICT**

*Indicative actions may include:*

- Support for SMEs to update or introduce new ICT business models which will drive business performance;
- Provision of coaching, advice, consultancy, mentoring and support for SMEs to access new markets through improved ICT connections;
- Provision of coaching, advice, consultancy, mentoring and support for SMEs to develop ICT skills strategies;
- Provision of coaching, advice, consultancy, mentoring and support for SMEs to implement productivity improvements from use of ICT;
- Demand-side voucher schemes;
- Demonstration and pilot projects, showcasing how SMEs can stimulate innovation through smart use of ICT;
- Support for diffusion of results from demonstration and pilot projects;
- Support for the integration of small and medium sized enterprises in digital supply chains through the smart use of ICT.

**SUD (ERDF) allocation: €1,000,000 (£903,300)**

| ID | Indicator | Unit | No. |
|---|---|---|---|
| C1 | Number of enterprises receiving support | Enterprises | 55 |
| C5 | Number of new enterprises supported | Enterprises | 15 |
| C29 | Number of enterprises supported to introduce new to the firm products | Enterprises | 1 |
| P4 | Additional businesses taking up broadband with speeds of at least 30Mbps | Enterprises | 24 |

*Notes:*

*Target is based on proportion of SUD:D2N2 funding for this Priority Axis (6.3%).*

## Priority Axis 3: Enhancing the competitiveness of small and medium sized enterprises (SMEs)

**Investment priority 3a: Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.**

*Indicative actions may include:*

- Targeted engagement, outreach and mentoring to strengthen entrepreneurial and enterprise culture;
- Provision of advice and support for entrepreneurship and self-employment in particular amongst under-represented groups by developing entrepreneurial skills and attitudes with a focus on increasing the number of business start-ups;
- Provision of advice and support for new business start-ups to survive and grow;
- Support to address market failures in the provision of start-up finance, e.g. seed finance, start-up loans;
- Outreach, coaching, mentoring, networking and consultancy support to promote business start-up, survival and growth;
- Grants to support productive investment;
- Provision of land and premises for employment sites including incubator space, managed workspace, or grow-on space.

**Investment Priority 3c: Supporting the creation and the extension of advanced capacities for products, services and development.**

*Indicative actions may include:*

- Provision of advice to develop new business models or higher quality products, processes or services;
- Advice and support for businesses to implement productivity improvements including through the provision of resource efficiency advice;
- Advice to improve business processes and workforce development;
- Advice and support for supply chain interventions to strengthen and grow the domestic supplier base;
- Attracting new foreign direct investment into England through, for example, promotion of business collaborations (SME to Prime/Original Equipment Manufacturers, SME to SME), supply chain initiatives, sectoral and research and innovation propositions linked to smart specialisation and “soft landings;
- Ensuring SMEs have access to sufficient levels of finance to implement their growth plans, including appropriate capital investment for premises and equipment to help build capacity;
- Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaborative projects;
- Grant finance for business to invest for product, process and service improvements;
- Provision of land and premises for employment sites, including incubation space, managed workspace, or grow-on space.

**Investment Priority 3d: Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes.**

*Indicative actions may include:*

- Provision of efficient local referral routes to ensure that SMEs are able to identify and access the most appropriate and tailored support for their specific growth needs;
- Support SMEs to develop focused growth strategies and update or introduce new business models which will drive business performance;
- Attracting new business investments to England, including through, for example, cluster and sector initiatives, collaborations with trade associations and inward missions;
- Advice and support for SMEs to enter, establish and expand in new domestic and international markets;
- Advice and support for businesses to become investment ready;
- Provision of advice, consultancy, mentoring and peer-to-peer support to indigenous businesses and inward investors (SMEs from outside the EU who will move to England);
- Leadership and management coaching where connected to the development and implementation of a business growth plan;
- Support for events, trade fairs and missions to enable SMEs to enter, establish and expand in new domestic and international markets;
- Targeted grant schemes to support productive investment;
- Provision of advice and consultancy on access to finance.

**SUD (ERDF) allocation: €7,065,000 (£6,381,815)**

| ID | Indicator | Unit | No. |
|---|---|---|---|
| C1 | Number of enterprises receiving support | enterprises | 457 |
| C2 | Number of enterprises receiving grants | enterprises | 306 |
| C3 | Number of enterprises receiving financial support other than grants | enterprises | 42 |
| C4 | Number of enterprises receiving non-financial support | enterprises | 119 |
| C5 | Number of new enterprises supported | enterprises | 187 |
| C8 | Employment increase in supported enterprises | FTEs | 189 |
| C28 | Number of enterprises supported to introduce new to the market products | enterprises | 7 |
| C29 | Number of enterprises supported to introduce new to the firm products | enterprises | 58 |
| P2 | Public or commercial buildings built or renovated | square metres | 57 |
| P11 | Number of potential entrepreneurs assisted to be enterprise-ready | persons | 291 |
| P13 | Number of enterprises receiving information, diagnostic and brokerage support | enterprises | 37 |

*Notes:*

*Target is based on proportion of SUD:D2N2 funding for this Priority Axis (15.8%).*

## Priority Axis 4: Supporting the shift towards a low carbon economy in all sectors;

### Investment priority 4a: Promoting the production and distribution of energy derived from renewable sources

*Indicative actions may include:*

- Measures to support increased production of renewable fuels and energy, in particular wind energy, solar and biomass;
- Support to build capability and capacity for supply chains in renewable energy;
- Demonstration and deployment of renewable energy technologies;
- Measures to support the wider deployment of renewable heat, including micro-generation, geothermal, renewable heat networks or district heating, ground source and air source heat pumps, and biomass systems with associated heat off-take and heat distribution networks along with recycling, processing, reprocessing and remanufacturing facilities; and
- Anaerobic digestion plants and other biomass or landfill gas schemes.

### Investment priority 4b: Promoting energy efficiency and renewable energy use in enterprises

*Indicative actions may include:*

- Enhanced advice, support, information and action to promote innovation in businesses and how they operate, in order to deliver best practice in energy management. This will include innovation in energy efficiency and energy cost reduction to improve businesses' competitiveness and resilience;
- Support to businesses to undertake 'green' diagnostics or audits of energy efficiency and potential for renewable generation and energy use, which will be followed by provision of energy efficiency information and guidance, tailored energy action plans and of support to implement them;
- Investing in energy efficiency measures, processes and renewable generation capacity to improve a business' or building's environmental performance or its resilience to the impacts of climate change;
- Investing in measures to stimulate cost-effective deep renovations of buildings, including staged deep renovations;
- Supporting an increase in energy efficiency in enterprises including an emphasis on "whole place" especially through improving industrial processes, designing out waste, recovery of "waste" heat energy and CHP;
- Supporting increased SME access to national and local government procured contracts for energy efficient goods and services;
- Developing low carbon innovation in relation to energy efficiency within enterprises, including through technologies and engagement practices;
- Building retrofit and energy efficiency measures, especially whole building solutions to exemplify, and support the commercialisation of, next phase.

**Investment priority 4c: Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.**

*Indicative actions may include:*

- Provision of advice and support to increase the use and take up of low carbon technologies, energy efficiency measures, renewable energy technologies and smart energy systems in housing stock and public buildings;
- Supporting low carbon innovation in relation to the integrated 'whole place' energy management approach including energy waste and re-use;
- Investing in building retrofit, energy efficiency measures, renewable and smart energy systems deployment, especially whole building or place solutions exemplifying next phase technologies which are near to market.

**Investment priority 4e: Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures**

*Indicative actions may include:*

- investments in local/regional smart grid demonstration projects, including validation and solving system integration issues;
- sustainable energy action plans for urban areas, including public lighting systems, smart metering and distribution through smart grids;
- Investments in combined heat and power from renewable sources;
- Investments to encourage the adoption of renewable technologies.

A strategic approach is particularly important in the area of low carbon transport, whether for sustainable urban mobility, or improving links between urban and rural areas, or connecting dispersed rural communities. Examples of actions include:

- investments in actions aimed at improving the capacity at local level to develop and implement integrated and sustainable transport strategies and plans (including for example actions related to modelling data collection, integrated transport management, operations and services, public consultation etc.) to reduce transport related air pollution, in particular retrofit or replacement programmes for bus fleets, incentive schemes for cleaner transport, improved public transport infrastructure and alternative forms of transport;
- investments in actions aimed at introducing innovative environmentally friendly and low-carbon technologies (for example, alternative fuel stations or charging points);
- investments in actions aimed at developing innovative and multi-modal transport services (for example, intelligent transport systems for travel information and planning, traffic and demand management, smart ticketing, multimodal integrated datasets or cooperative systems);
- innovative transport pricing and user charging systems;
- cycle paths, walkways and waterways only where part of an integrated approach to GHG reductions.

**Investment priority 4f: Promoting research and innovation in, and adoption of, low-carbon technologies**

*Indicative actions may include:*

- R&D, innovation and supply chain work for low carbon technologies and materials, including, wave and wind energy, smart grids, distributed generation, solar and photovoltaics, heat networks, heat pumps and low carbon heat for energy intensive industries;
- Research underpinning carbon capture and storage, taking account of the restrictions laid down in Article 3.3.b of the ERDF Regulation;
- Technology centres of excellence and test facilities, including relevant Catapult centres;
- Renewable technologies in the UK renewable energy roadmap;
- Research, development, demonstration and adoption of technologies and systems that support low-energy transport and accelerate the establishment of new technologies such as low emissions vehicles (electric, hybrid and hydrogen);
- Knowledge transfer with Higher Education/Further Education institutions and Businesses;
- Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes;
- Developing financing methods that encourage the adoption of proven low carbon technologies and generate long-term financial savings;
- Demonstration and deployment of decentralised renewable energy technologies;
- Research, development and innovation and supply chain development for low carbon and resource efficient technologies and materials (including small scale pilot programmes that test the market with new low carbon solutions and the use of secondary materials).

**SUD (ERDF): allocation €4,500,000 (£4,064,850)**

| ID | Indicator | Unit | No. |
|---|---|---|---|
| C1 | Number of enterprises receiving support | enterprises | 173 |
| C5 | Number of new enterprises supported | enterprises | 3 |
| C26 | Number of enterprises cooperating with research institutions | enterprises | 1 |
| C29 | Number of enterprises supported to introduce new to the firm products | enterprises | 2 |
| C30 | Additional capacity of renewable energy production | MW | 1 |
| C32 | Decrease of annual primary energy consumption of public buildings | (KWpa) | 31,521 |
| C34 | Estimated annual decrease of GHG | tonnes of CO2eq | 2,205 |

*Notes: Targets are based on proportion of SUD:D2N2 funding for this Priority Axis (15.5%).*

## Appendix 4 – Version update history

**Development of version 1.1**

European Commission regulations provide for the European Regional Development Fund (ERDF) to support sustainable urban development through strategies that set out integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas.

In May 2014 Nottingham City Council was invited, as a core city, to submit an outline plan for a Sustainable Urban Development (SUD) strategy to government. This proposal was further developed through a series of meetings between Core Cities and DCLG representatives.

The D2N2 LEP board agreed that Nottingham City Council, as the main urban LA in the area, should lead on this and be the Intermediate Body (IB) for delivery of the strategy. An initial outline response was submitted to DCLG in July 2014. After feedback from DCLG we convened an advisory group consisting of representatives of stakeholders in the SUD area and the D2N2 LEP. The remit of this group was to give advice to the proposed IB (Nottingham City Council) on the development of the SUD strategy.

In June 2015 Nottingham City Council was formally requested by the MA to become the IB for the D2N2 area and submit a SUD strategy for the Nottingham city region. The IB arrangements for SUD were agreed in March 2017 and the final strategy was approved by the IB and by DCLG shortly afterwards.

The strategy set out priorities to support projects that would deliver improvements in productivity and business growth in key sectors, specifically by developing new and improved business incubation facilities with a focus on carbon reduction through a mix of energy efficient physical infrastructure and high quality business support.

**Changes to version 1.2**

In October 2018 the strategy was updated with:

- Revised financial values to reflect exchange rates in August 2018
- Latest available economic indicators
- Additional Investment Priorities in Priority Axis 4

The value of the pound had dropped against the Euro following the EU referendum in June 2016. The ESIF programme is valued in Euros so this had meant an increase in the sterling value of the programme by around 15%. This wasn't reflected immediately but in August 2018 this was formalised by the UK government. This meant revaluing the SUD strategy from £9.8m to £11.3m.

Many of the economic indicators in the original strategy were out of date so the opportunity was taken to update these to the latest available.

Most of the funding had been allocated to successful outline applications as a result of the first call but there was still around £1m unallocated – mainly in PA4 (Low Carbon). At that point the plan was to issue a call under PA4 and to achieve as wide a range of bids as possible it was decided to include PA4 Investment Priorities that had not been part of the initial strategy. These were 4a, 4e and 4f. This allowed investment in additional project activities such as support to build capability and capacity for supply chains in renewable energy; investments to encourage the adoption of renewable technologies; and technology centres of excellence and test facilities. The full list of additional activities is available in the revised strategy document.

**Changes to version 1.3**

The unexpected withdrawal of one of the applications from the first call in December 2018 released a substantial amount of funding back into the strategy. This meant that the second call could be extended to include PA3.It was decided to expand the range of eligible Investment Priorities in PA3 (SME Competitiveness).

The opportunities for PA3 in the original strategy and first call were limited to Investment Priority (IP) 3a, which focuses on the development of start-up businesses and new entrepreneurs. This had been done as a way of directing the limited amount of funding in the strategy at enterprises starting out as it was then considered they would gain the most benefit from business incubation activities. However, with the learning from project applications resulting from the first call, it has become apparent that this placed unnecessary constraints on the types of businesses that could benefit from incubation facilities; particularly existing businesses at a later stage of growth that could be enabled to deliver greater productivity through accelerator type support.

IPs 3c and 3d have been added to version 1.3 of the strategy. These IPs allow investment in additional activities, such as advice to develop new business models or higher quality products, processes or services; and support for SMEs to develop focused growth strategies and introduce new business models to drive business performance. Again, the full range of additional activities is available in the revised strategy document.

**Changes to version 1.4**

This version reflects changes to the local council areas in Hucknall as a review of wards had abolished Hucknall East and established the new ward of Hucknall South. The overall area covered remains unchanged.