
CHIEF EXECUTIVE'S REPORT

1. Introduction

1.1 The General Election took place on 6 May 2010. Regional results saw the Conservatives gain 12 seats taking them to 31 and Labour losing 11 seats taking them to 15. The Liberal Democrat seat in Chesterfield, formerly held by Paul Holmes, was lost to labour candidate, Toby Perkins. There are now no Liberal Democrat seats within the region. Other notable changes are: former Corby MP and Regional Minister, Phil Hope lost his seat to Louise Bagshawe (Con); former Regional Minister and MP for Lincoln, Gillian Merron lost her seat to Karl McCartney (Con); and former East Midlands Select Committee member, Judy Mallaber, lost her seat to Conservative Nigel Mills.

1.2 The Election also saw a number of high-profile MPs retain their seats and some were given Ministerial roles: Ken Clarke, MP for Rushcliffe, was appointed Lord Chancellor and Secretary of State for Justice; Patrick McLoughlin, MP for Derbyshire Dales, was appointed Chief Whip and Parliamentary Secretary to HM Treasury; Edward Garnier, MP for Harborough, was appointed Solicitor General; John Hayes, MP for South Holland and the Deepings, was appointed Minister of State for Skills and Lifelong Learning at BIS; Alan Duncan, MP for Rutland and Melton, was appointed Minister of State for the Department for International Development; and Andrew Robathan, MP for South Leicestershire, was appointed Parliamentary Under Secretary at the Ministry of Defence.

1.3 Local Elections were also held in the following Councils: Amber Valley; Bassetlaw; Daventry; Derby; Lincoln; and West Lindsey. The results saw the Conservatives retain control of the Councils with the exception of Derby and Lincoln. In Derby, no Party won overall control; however, the Liberal Democrats and Conservatives formed a coalition administration. In Lincoln, the Conservatives lost overall control of the City Council drawing level with Labour on 16 seats each. The Liberal Democrats retained their one seat.

2. Raising Productivity

2.1 Employment, Learning and Skills

2.1.1 The **Career Chain interim evaluation** has been completed and has reported considerable success for this project to date, particularly in light of the fact that it was developed for a pre-recession economy and had to adapt quickly to the changing economic circumstances. Career Chain supports engineers and construction professionals who are at risk of redundancy to find redeployment opportunities within the East Midlands, ensuring vital skills are not lost to the regions' economy. It also forms part of the regional response to redundancy provision, with *emda* funding of £2.2m. Key findings of the evaluation include:

- A high level of partnership working and information sharing, which adds value to existing redundancy support programmes such as the work of Jobcentre Plus.
- Businesses reported high levels of satisfaction with Career Chain, especially with the flexibility of the service, the speed of response and the quality and relevance of the information provided. Business involvement had also led to reported benefits such as an increased awareness of workforce development provision,

improvements in company culture and morale, and the retention of good relations between employees and managers.

To date the project has helped 1,405 people to get a job, 103 businesses have been assisted to improve their performance and 151 people have been assisted in their skills development.

2.2 Enterprise and Business Support

Enterprise

2.2.1 The **Enterprise Inc** project, which offers bespoke enterprise skills development and support to regional undergraduates and recent graduates, is progressing well. The project is managed by East Midlands Innovation Network on behalf of the nine HEIs in the region, all of whom play an integral role in both recruitment and delivery. To date a total of 219 people have been assisted to start a business, against a target to date of 165. The project, which runs from November 2008 to October 2011, will assist a total of 500 individuals and create 400 new businesses overall.

2.2.2 The **2009 Global Entrepreneurship Survey (GEM)**, supported by *emda*, reports on a survey of 3,000 people in the East Midlands and over 30,000 in the UK. The survey has recently been published and shows that the headline measure of total entrepreneurial activity was unchanged both regionally and nationally in 2009 compared to 2008. However indicators that measure the perception of opportunities for business start up and expectations of business start up are now significantly lower than they were before the start of the recession. This suggests that the headline measure of entrepreneurial activity may fall over the next year.

Business Support

2.2.3 The **Business Link service** has again had a good start to the year and continues to engage with significant numbers of entrepreneurs and businesses. The total number of users of the service at the end of April 2010 was 3,138. The number of Intensively Assisted Businesses in the same period was 661, an increase of 110% on performance in April of the previous year. At the end of the first month, Business Link has created 169 jobs and helped 301 businesses to start trading: in addition 1,099 potential entrepreneurs have received pre-start assistance in the year to date.

2.2.4 Following the very successful integration of **skills brokerage** to the Business Link service in April 2009, the good progress has continued with the delivery of 345 Skills Intensive Assists in the year to date compared to 63 at the end of April 2009 and over 200 businesses have been referred to leadership and management programmes compared to 69 at the end of April 2009.

2.2.5 **Coaching for High Growth**, *emda's* new programme to support potential high growth businesses and part of the Solutions for Business portfolio, was launched on 1 April. Recruitment is underway to identify 50 businesses from across the region to participate in 2010 and progress to date has been positive, reflecting increasing optimism from regional SMEs. Over three years Coaching for High Growth is forecast to support 160 businesses, create or safeguard 1,200 jobs and work with 600 senior managers, resulting in additional Gross Value Added (GVA) of £75m for the regional economy.

2.2.6 The **Manufacturing Advisory Service in the East Midlands (MAS EM)** project, which delivers hands-on practical support to regional manufacturers, is continuing to progress well. At the end of the first year of the current contract a total of 550 jobs created/safeguard were reported against a target of 208. The final report of the evaluation of the previous MAS EM service (2005-09) has been completed and overall this was positive. Key findings were that for every pound invested in the programme almost £10 of Gross Value Added was generated, the programme also generated more than £100m in additional turnover and helped to safeguard or create 879 jobs. The evaluation recommendations, including one to use the high levels of satisfaction amongst beneficiaries to promote the benefits of MAS EM more widely, will be considered and an action plan drawn up. Delivery of the additional MAS EM activity in the areas of Low Carbon and Advanced Manufacturing is continuing, with the focus on client engagement activities with more direct marketing and additional events.

2.2.7 As part of the national Manufacturing Advisory Service lead role, an online training portal has been launched to support the continuous professional development of MAS Advisors. The training will focus on achieving a competent level of knowledge in the areas of Low Carbon and Advanced Manufacturing that are now being supported by extra funds from BIS. Depending on the success of the portal the training will be opened to a wider range of users (including business customers) after piloting through MAS.

Business Investment

2.2.8 The Board Resources Group approved Single Programme funding of £8.1m in April for the **Grant for Research & Development (GRD)** scheme, covering the period 2011-2014, and reflecting the fact that we are now receiving applications for projects which extend into that period. Since my last report, the Business Investment Team have awarded two grants totalling £323k.

2.2.9 A further three companies have been awarded grants totalling £1m under the **Grant for Business Investment (GBI)** scheme. During the first month of the new financial year, payments totalling £476k have been made to 6 companies under the GBI scheme, representing 16% of the scheme's annual budget. These payments have created and safeguarded 145 jobs, leveraged £7.2m of private sector investment and developed 4,759 sq.m. of employment floorspace.

2.2.10 We formally closed the **East Midlands Transition Loan Fund (TLF)** to new applications on 30 November 2009, although loan applications in the pipeline at that time have continued to be assessed by our fund managers. TLFs were announced in the Pre-Budget Report in November 2008, and were intended to be a temporary intervention, pending other Government measures to stimulate bank lending. Whilst we continue to receive very mixed feedback on the willingness of the main banks to lend to regional SMEs, it is worth noting that as at the end of March 2010 - its effective end date for new lending - our Fund had offered 59 loans to the value of £6.6m to businesses safeguarding 2,860 jobs in the region.

2.2.11 Between 26 March and 21 April four **Access to Finance Roadshows** were held as part of the 2010 iFestival, in Derbyshire, Leicestershire, Northamptonshire and Nottinghamshire respectively, supported by Connect Midlands and some of our sub-regional partners. These roadshows provided delegates with the opportunity to take part in surgeries with a range of finance advisers and providers from both the private

and public sector, including a number of high street banks. 169 delegates attended the roadshows and feedback has been extremely positive.

2.2.12 The **Growth Investment Network East Midlands** (GINEM), which aims to increase business angel activity in the region, hosted a 'How to Grow Your Business Online' event at the new Nottingham Conference Centre, Nottingham Trent University on 28 April. The speakers were Stephen Lusty, Online Sales and Operations Director at Google and Wendy Tan White, founder of Moonfruit. There were 170 attendees at the event, the first held under the recently awarded three-year contract.

International

2.2.13 I can confirm our performance on **inward investment** for 2009/10. We were involved in securing 37 successes in the region, with 2,990 associated jobs created/safeguarded, against annual targets of 35 and 2,800 respectively. This is an excellent achievement in the current economic climate. We currently have a strong pipeline of projects going into 2010/11 and expect five successes to be confirmed shortly.

2.2.14 We are continuing to respond to **large company contractions**, including the following examples:

- The work of the **AstraZeneca taskforce** is now well underway. The first stage of the Economic Impact Assessment will be completed in June, providing evidence of the scale of the issues to be addressed. The second stage, to be delivered in early August, will identify options for the future use of the site. In the meantime, we are working with UK Trade & Investment to market the site overseas, particularly in the US and Asia. We are also working with AstraZeneca to develop a package of support for employees affected by the closure. The process of identifying who will be staying with the company will be completed by late summer; most of the jobs are likely to be lost from second quarter 2011.
- US acetate company **Celanese** have announced plans to close their Derby plant with the loss of 460 jobs by the end of 2011. We have met with the company to discuss the proposal and how we will support them by working with a range of public sector partners.
- Along with partners, we are working with **Toyota** on the delivery of support and advice to its members considering leaving the business as part of plans to reduce costs at the Burnaston plant.

2.2.15 In partnership with Derby City Council, the China Business Bureau hosted a visit from the Vice Governor of **Shaanxi Province**, Mr Jing Junhai and a business delegation. A business matchmaking event was held, with 35 East Midlands businesses participating.

2.2.16 We attended **InfraRail**, the UK's leading rail infrastructure event, in mid-April. 14 company meetings generated 7 new prospects which are being followed through.

2.2.17 52 East Midlands companies attended UKTI's **Doing Business in the USA** event on 28 April at Loughborough University. There was a delegation from the State of Indiana who participated in the event and networked with the companies as well as having 1-2-1 meetings with priority sector delegates. The responses from clients on the day were very positive. Post visit evaluation of the recent *emda*-funded Brazil and Bulgaria Rail Market visits indicates potential business expected within the next 12 months of £1.9m and £1m respectively.

Tourism

2.2.18 Since March, East Midlands Tourism has been consulting with the region's tourism businesses on the way forward once the current **tourism strategy** comes to an end this year. The process includes an online questionnaire and consultation events in the six counties with key stakeholders. We are planning to take the strategy to the Board in October with a view to launching it in November.

2.2.19 The East Midlands secured 4 gold and 2 silver awards at the **national tourism awards** held in Brighton on St. George's day. This is the highest number of gold awards the region has secured since it began entering businesses for the event, and it was the highest number of gold awards won by any English region.

2.2.20 East Midlands Tourism has hosted seven **overseas media visits** since the beginning of April from France, Germany and the Netherlands, with the majority focusing on Nottinghamshire and the new Robin Hood film. Other themes have included history & heritage, and food & drink.

2.2.21 International cycling returned to the region in April and May with the staging of the 5th annual **East Midlands 'CICLE' Classic** (Rutland to Melton) and the 55th Lincoln Grand Prix, both supported by *emda*. The televised events feature international and domestic professional cycling teams and some of the top names on the road racing circuit. The races attract visitors to the region and make a significant impact on the local economy, especially for small businesses situated on the routes.

2.2.22 Work has recently been completed on upgrading a major section of the **Spa Trail multi-user route** between Woodhall Spa and Horncastle in Lincolnshire. The project received funding of £375k from *emda's* Waterway Regeneration Programme and involved upgrading a 6km stretch of former railway line into a route which can be easily used by walkers, cyclists and horse riders. The upgraded trail forms part of a network of long distance paths and will improve access to Lincolnshire's waterways network at the Horncastle Canal. During 2010/11 Lincolnshire County Council will undertake a further phase of work to complete the final 1.5km section of the trail into the centre of Horncastle. This will encourage more visitors to the Woodhall Spa and Horncastle areas and when fully completed will provide an off road route between the two towns.

2.2.23 Visitors to **Crich Tramway Village**, home of the National Tramway Museum, have been experiencing a brand new exhibition in the Great Exhibition Hall. The 'Century of Trams Exhibition' takes visitors on a fascinating journey through a hundred years of tramway development and coincides with 150th anniversary of trams in Britain. Funding for the project has come from the Derbyshire Economic Partnership (DEP) with £350k, leveraging in a further £150k from the private sector, to redevelop and refurbish the existing exhibition hall and the displays featured within it. New interactive displays aimed at families are included in the exhibition, which was officially opened at the end of May. The new exhibition is expected to generate a 10% increase in the number of visitors to the Museum.

2.3 Innovation

2.3.1 The 2010 **iFestival** built upon the successes of the previous three, with almost 200 events held and 21,000 people attending. Local authorities were a welcome addition as sponsors this year, supporting Access to Finance road shows and a series

of Low Carbon events in innovation centres across the region. BIS has encouraged us to share the iFestival model with RDAs as an example of good practice.

2.3.2 Peter Maycock has left the **Food & Drink** iNet to take up a senior position in the food industry. The new Director is Andrew Butterwick, who is joining from Business Link in Yorkshire.

2.3.3 As reported recently by the BBC, about 90% of the fresh food used by Nottingham City Hospital and the Queen's Medical Centre is now sourced from the East Midlands. This is thanks in part to support from *emda* back in 2006/7 when we set up the Public Sector Food Procurement Initiative, which developed the business model and set up a regional supply chain. The change is saving £6m per annum and 150,000 food miles and, if rolled out across the whole of the NHS, it could save £400m per annum.

2.3.4 The **Sustainable Construction** iNet held its awards dinner in Northamptonshire, during the iFestival, with more than 100 delegates attending. Four awards were presented: Best Overall Innovation Support Grant project – Oakworth Homes Ltd based in Derbyshire; Best Higher Education Collaboration project – SHINE (led by Loughborough University); Project with the most Commercial Impact - Victor Wigley, Architects; and Best Innovation Product/Process - Cool Planet Ltd who are both based in Northampton.

2.3.5 Construction of the iCon building in Daventry is underway and progress can be viewed on a live webcam that can be accessed through the sustainable construction page at the innovation portal www.eminnovation.org.uk. Phase 2 iNet activity is underway; they have received 14 expressions of interest for Collaborative R&D projects and have 30 projects for Innovation Advice and Guidance funding under consideration.

2.3.6 The **Medilink East Midlands** annual Innovation Day, one of the core events in the iFestival calendar, was held in April at Pride Park, Derby, celebrating the importance of innovation in the healthcare & bioscience sector. The event included the annual Innovation Awards: the Healthcare iNet sponsored 'Best Start up' award was won by Co-Formulated, based in Nottingham, who provide a comprehensive range of formulation and early stage analytical development services to the pharmaceutical, biotechnology and healthcare industries. All the award winners are automatically entered into the Medilink UK national awards, which will take place in early 2011. There has been a good response to the call for Collaborative R&D projects; 25 expressions of interest were submitted by regional universities and NHS and 14 have been invited to submit a full application.

2.3.7 The **Transport Equipment** iNet Phase 2 activity is underway and the call for Collaborative Research and Development (CRD) projects has been released. It covers four key themes ranging from additive manufacturing, environmental impact reduction, transport information systems and integration, and novel safety systems. There has been a good response to the call indicating a strong demand and 55 Expressions of Interest (EoIs) have been submitted by SMEs and universities within the region.

3. Ensuring Sustainability

3.1 Transport and Logistics

3.1.1 On 23 April **Corby Train Station** won yet another award, an East Midlands Merit Award from the Institution of Civil Engineers East Midlands. The aim of these awards is to raise awareness of innovative and exceptional civil engineering projects. Corby is also set to benefit from some major timetable improvements with the launch of the new East Midlands Trains timetable. For the first time since the opening of the station, Corby will have a new direct service to Derby providing a link for train services to Scotland and northern England. Weekend travellers will also benefit from an additional Saturday service to London. *emda* contributed £4.75m to the development of the station. The reintroduction of the rail service will raise land values resulting from the improved attraction of Corby as a place to live, visit and invest. It is estimated that it will generate £200m for the town.

3.2 Land and Development

3.2.1 In late May we published a consultants report on **Strategic Distribution Sites** in the Three Cities sub-region. This report was commissioned and funded by *emda* and a number of local authorities to address an identified knowledge and evidence gap in our collective understanding of the most suitable sites for strategic (50 hectare plus), rail-connected distribution development. The views and input of a range of partners were sought during the Study process, including the private sector. Given the importance of the Logistics and Distribution sector to the regional economy, assisting in the creation of an evidence base to ensure a coherent approach is taken to this strategic land and infrastructure related issue was considered essential both by *emda* and the local authorities. The intention is that the report will help inform policies and land allocations via the Local Development Frameworks being developed by local authorities, and the analysis provided by the report will assist in the delivery of regional policies and objectives. This report is now on our website.

2.3 Environmental Protection

3.3.1 In 2009 the Greater Nottingham Partnership awarded Rural Community Action Nottinghamshire £32k to undertake a feasibility study into the suitability of turning the former **Newstead and Annesley Pit Tips** into a country park, to be run as a social enterprise. Following a positive outcome to the study, they awarded a further £308k to enable the tip site to be purchased. It has recently been announced that Newstead Village is one of six villages to win £400k from the BBC's Village SOS Scheme, which they will now use to develop the country park. The 'Future Newstead' project will transform the 220-acre site into a thriving, multi-use Country Park and resource for the local community. Much of the work to transform and run the site will offer training and job opportunities for the local community.

3.3.2 Two *emda* projects were winners at the annual **Royal Institute of British Architects** awards, held on 21 May.

- The Think Tank in Lincoln, for demonstrating local public and private sector drive for design excellence. The Lincoln Think Tank is a high tech, energy efficient innovation centre on Brayford Enterprise Park, adjacent to the city centre on the University of Lincoln campus. The project received £4.8m of *emda* funding.
- Nottingham Contemporary, the city's new centre for contemporary art, built on the edge of the historic Lace Market. The architects, Caruso St John, were praised by

the RIBA jury for creating a gallery with a presence that allows it to compete on an international scale. *emda* contributed a total of £2.8m to the project.

4. Achieving Equality

4.1 An RDPE grant of £270k has been awarded to the Potato Council Division to help fund a new technologically advanced **potato storage research facility** at the Sutton Bridge Experimental Unit in Lincolnshire. The facility will house six controlled environment stores, as well as a knowledge transfer area for training courses and open days. The research findings will be disseminated widely, helping growers locally and nationally to improve their crop storage techniques, increasing their efficiency, productivity and competitiveness.

4.2 Since 2006 the **Access Alliance Programme** has been working to remove the barriers created by individuals not having access to transport when seeking jobs and training, particularly for young people, in Nottinghamshire and Derbyshire. With £1m of funding from *emda*, the programme, which is unique in England, has financed and developed a wide range of transport schemes to help people to get to jobs and training, including minibus schemes, scheduled works shuttle bus services, car sharing schemes, moped and bicycle loan schemes, reduced bus fares and new cycling and walking routes.

Over its four year life, the Programme will have assisted 500 people to access employment opportunities and assisted 1,500 people to develop their skills. It will also have improved the local environment by encouraging people to use greener forms of transport.

4.3 The **Job Preparation and Training Project** supports unemployed and workless residents of Northamptonshire's most deprived communities to increase their employability and secure employment or progress to further learning. With £203k of *emda* funding the project will support the development of a network of Voluntary Community Sector organisations able to respond to the needs of people within their community. Outputs include 250 people assisted to get a job, 30 businesses assisted to improve their performance and 20 adults gaining basic skills.

4.4 Subject to amendments by the new Government, the thirteen provisions in the **Equality Act** (2010) are expected to be introduced over a three year period (preceded by Guidance), starting with a requirement to use public procurement to improve equality in October 2010 and culminating in regulations requiring private and public sector gender pay transparency. Following the Board's endorsement in December 2009, *emda*'s Integrated Equalities Scheme (IES), which sets out our commitment to tackling inequality and disadvantage over the period 2010-2013, has been published both electronically and as hard copy, with internal implementation of our IES commitments currently underway.