



*Meeting:* **Scrutiny Commission**

*Date/Time:* **Wednesday, 26 February 2014 at 2.00 pm**

*Location:* **Sparkenhoe Committee Room, County Hall, Glenfield**

*Contact:* **Mr. S. J. Weston (Tel: 0116 305 6226)**

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### **Membership**

Mr. S. J. Galton CC (Chairman)

Mrs. R. Camamile CC    Mr. A. M. Kershaw CC  
Dr. R. K. A. Feltham CC    Mr. P. G. Lewis CC  
Mr. S. J. Hampson CC    Mr. K. W. P. Lynch CC  
Dr. S. Hill CC    Mr. R. J. Shepherd CC  
Mr. Max Hunt CC    Mr. L. Spence CC

### **A G E N D A SUPPLEMENT**

**The following additional report has now been published. Agenda item 10 of the main agenda refers.**

<u>Item</u>	<u>Report by</u>	
10. Strategic Economic Plan and City Deal.	Chief Executive	(Pages 3 to 30)



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**CABINET – 5<sup>TH</sup> MARCH 2014**

**REPORT OF THE CHIEF EXECUTIVE**

**STRATEGIC ECONOMIC PLAN AND CITY DEAL**

**Purpose of Report**

1. To provide the Cabinet with an overview of strategic plans being developed by the Leicester and Leicestershire Enterprise Partnership (LLEP), in particular the Strategic Economic Plan (SEP) and the City Deal, to agree arrangements for commenting on and approving the SEP before its submission to the Government, and for signing off the City Deal.

**Recommendations**

2. The Cabinet is recommended to:
  - a) Endorse the broad thrust and content of the Leicester and Leicestershire Strategic Economic Plan (SEP), as set out in the draft Executive Summary and Programme Summary (attached as Appendices A and B to this report);
  - b) Delegate to the Chief Executive following consultation with the Leader of the County Council, authority to approve the final SEP for submission to the Government by 31 March 2014;
  - c) Note the key issues set out in paragraphs 18 to 23 of this report which will be taken into account in finalising and approving the SEP, and support the proposed Growth Area approach;
  - d) Note the progress made in agreeing a City Deal and submitting a European Structural and Investment Funds (ESIF) Strategy and delegate final approval of the City Deal to the Chief Executive following consultation with the Leader of the County Council;
  - e) Agree the preparation of an Enabling Growth Action Plan which will set out how the Council will use its resources, expertise and influence to support delivery of the SEP, City Deal and ESIF Strategy.

**Reasons for Recommendations**

3. To ensure that the County Council has the opportunity to influence the shape and content of the SEP to be submitted to Government on 31<sup>st</sup> March 2014, signs-off the City Deal, and puts in place an Action Plan to support their delivery.

### **Timetable for Decisions (Including Scrutiny)**

4. The final SEP will be submitted to Government on 31<sup>st</sup> March 2014 setting out the economic strategy for the LLEP area and making the case for Government funding to support a range of key economic projects. It is expected that the final document will be approved by the Economic Growth Board and the LLEP Board at meetings in late March. The Leader of the Council is a member of both of these Boards.
5. Following submission of the SEP there will be a period of 'Growth Deal' negotiation between the LLEP and the Government culminating in an expected award of funding in July 2014. The awarded funding will be made available from April 2015.
6. Formal sign-off of the City Deal is anticipated to take place in early March 2014.
7. The Scrutiny Commission will consider this report at its meeting on 26<sup>th</sup> February 2014 and its views will be reported to the Cabinet.

### **Policy Framework and Previous Decisions**

8. The Leicestershire Together Outcomes Framework, agreed by the Leicestershire Together Strategic Commissioning Board on 19<sup>th</sup> March 2012, identifies economic growth as one of four key priorities.
9. The County Council's Economic Growth Priorities were agreed by the Cabinet on 13<sup>th</sup> November 2012 and cover five main areas of activity:
  - Worklessness;
  - Employment Land and Buildings;
  - Distribution and Logistics;
  - Capital Availability; and
  - Enterprise Growth.
10. The priorities set out how the County Council is supporting delivery of the LLEP's Economic Growth Plan (EGP) 2012-20. The LLEP's EGP will be superseded by the SEP and it is proposed that the Council's Economic Growth Priorities be updated through preparation of an Enabling Growth Action Plan which will set out how the Council will support delivery of the SEP.
11. On 15<sup>th</sup> October 2013 the Cabinet received an update on the Leicester and Leicestershire City Deal and approved arrangements for the submission of a City Deal Negotiation Document. The Cabinet also approved the establishment of a sub-regional Economic Growth Board to oversee City Deal and related economic initiatives, now including the SEP.

### **Resource Implications**

12. The SEP provides a potentially significant source of funding to support LLEP and County Council priorities. A successful SEP submission and Growth Deal negotiation will substantially support investment in the local economy and help unlock economic growth and job opportunities. There is an expectation from central Government that local authorities and other partners will themselves be investing in projects included in the SEP and previously approved County Council funding will be shown as part of the funding packages for some projects.
13. The Director of Corporate Resources has been consulted in the preparation of this report and will be consulted on the final SEP projects list which will form part of the final SEP document.

### **Circulation under Local Issues Alert Procedure**

A copy of this report has been sent to all Members of the Council via the Members' News in Brief.

### **Officers to Contact**

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## **PART B**

### **Background**

14. The Government's response to Lord Heseltine's review of local economic development confirmed its commitment to negotiating a Growth Deal with every Local Enterprise Partnership (LEP), building on the success of City Deals. Through Growth Deals, Local Enterprise Partnerships can seek freedoms, flexibilities and influence over resources from Government; and a share of the new Local Growth Fund (LGF) to target their identified growth priorities.
15. This Local Growth Fund has been set at over £2bn for the year 2015/16 with a commitment to at least maintain this level to 2020/21. In return for these flexibilities, the Government will expect evidence of real commitment from Local Enterprise Partnerships to the growth agenda, including the development of ambitious, multi-year Strategic Economic Plans (SEPs). It also expects the local authority members of LEPs to take up the challenge of putting economic development at the heart of all they do and to work collaboratively across the LEP area.

### **Strategic Economic Plan – The Draft SEP and Ministerial Feedback**

16. The LLEP is required by central government to submit a Strategic Economic Plan (SEP) by 31<sup>st</sup> March 2014. A draft SEP was submitted to Government in December 2013 and can be viewed at <http://www.llep.org.uk/SEP>. The draft SEP sets out the long-term economic vision for Leicester and Leicestershire and outlines investment priorities over the period 2014 to 2020. These priorities are grouped in three main themes; Place, Business and People. The draft Plan sets out an intention to negotiate a Growth Deal with Government of £252m of LGF over the period 2015 to 2020 with a request for approximately £50m in 2015/16. Most of this LGF funding is capital and will deliver infrastructure provision in the Place theme. The draft SEP also incorporates the programmes and funding streams associated with the City Deal and ESIF Strategy and these predominantly deliver activity in the Business and People themes. Paragraphs 24 to 27 and paragraph 28 below summarise the key components of the City Deal and ESIF Strategy.
17. Feedback on the draft SEP was provided by the Cities Minister, Greg Clark, in a meeting with representatives of the LLEP, including the Leader of the Council, on 6<sup>th</sup> February 2014. The feedback was broadly positive and included clear advice about the need to provide robust evidence of project deliverability, value for money and impact, in particular to justify funding for projects in 2015/16. The Minister also advised that a closer link be made between proposed infrastructure projects and the sub-region's key economic opportunities.

## **Finalising the Strategic Economic Plan – Commentary**

18. Building on the feedback from the Minister further work is underway to strengthen the SEP. The broad approach is set out in the draft Executive Summary attached as Appendix A. A draft Programme Summary, setting out growth areas and thematic growth programmes which will be the focus of proposed investment is attached as Appendix B. The Programme Summary will be supported by a detailed list of projects which is currently in preparation.
19. It is intended that the final SEP will place greater emphasis on both Growth Areas (GAs) and thematic Growth Programmes than was the case in the submitted draft. The proposed Growth Areas bring together the transformational projects, strategic growth priorities and core transport corridors set out in the draft SEP and help demonstrate how investments in infrastructure, business support and skills will help unlock key economic opportunities in the sub-region. It is recommended that this approach be supported.

20. The five proposed Growth Areas are:

### 1. Loughborough and Shepshed

The Loughborough and Shepshed GA draws together key economic growth priorities including the knowledge based employment opportunities at Loughborough University Science and Enterprise Parks (LUSEP) and Charnwood Biomedical Campus, housing growth at Loughborough and Shepshed, and the supporting infrastructure required to facilitate these.

### 2. East Midlands Enterprise Gateway

The East Midlands Enterprise Gateway GA will encompass economic activity at and near to East Midlands Airport, Donington Park, East Midlands Distribution Centre and the proposed Strategic Rail Freight Interchange (Roxhill).

### 3. South West Leicestershire

This GA includes the sub-region's flagship Enterprise Zone at MIRA Technology Park, major housing growth and strategic employment sites at New Lubbethorpe, Earl Shilton and Barwell and a number of key employment sites in the M1 and A5 corridors.

### 4. A511 Corridor (M1 to A42)

Housing growth at Coalville and Ashby will be supported by infrastructure improvements along this corridor.

### 5. Leicester Principal Urban Area

Growth in and adjoining the Leicester Principal Urban Area will include the unlocking of development opportunities in the Waterside regeneration area and City Centre in Leicester, the sustainable urban extensions east of Thurmaston and at New Lubbethorpe and improvements to the A50 and A6 (north) corridors.

21. Crucial to the success of all the Growth Areas will be the provision of targeted business support and skills interventions alongside infrastructure improvements and this comprehensive approach will be captured in Area Growth Plans.
22. Complementing the Growth Areas are a number of thematic Growth Programmes which will support a range of economic activity across the wider sub-region including in relation to the rural economy, town centres, workspace provision and broadband, and sustainable transport.
23. In contributing to the strengthening of the SEP prior to its submission Council officers are focusing on ensuring the following issues are dealt with appropriately:

#### Project Prioritisation

In order to present a strong case to Government it is crucial that proposed projects are subject to robust appraisal and prioritisation. Government advice indicates that projects will be assessed in relation to ambition and rationale, value for money, and delivery and risk. Council officers are working with the LLEP and partners to implement a robust prioritisation process.

#### Deliverability

Ability to deliver projects will be a fundamental part of local and national evaluation of projects. A particularly critical consideration will be deliverability in 2015/16.

#### Broadband

Broadband connectivity is a critical issue in Leicestershire affecting businesses and households and Broadband investment will be a critical platform to support rural inclusion, provide diversification opportunities and ensure rural areas don't get left behind in an information economy. The importance of broadband is set out within the draft SEP and officers will be seeking to ensure these are strengthened and reflected in the SEP's final programme of projects.

#### Rural Issues

The SEP is the overarching economic plan for Leicester and Leicestershire and as such needs to ensure the opportunities and aspirations of the rural economy are adequately promoted. The SEP includes a European funding allocation of £3m through the European Agricultural Fund for Rural Development (EAFRD) programme. The Leicestershire Rural Partnership will seek to allocate these EAFRD resources against the delivery of the Rural Economic Plan alongside other resources within the ESIF Strategy and a proposed LEADER programme. In addition to these specific Rural Programmes and funding streams, the needs of rural communities and businesses will be reflected in other SEP programmes



### Logistics

The County has high concentrations of logistics sector employment at 15%, compared with 12.1% for the LLEP area and 8.1% for England. The sector particularly benefits from international connections at East Midlands Airport, which can be viewed as a national asset as the UK's major pure cargo airport, and opportunities along the M1 corridor (including the proposed strategic rail freight terminal). Officers will seek to ensure that the opportunities provided by the sector are suitably reflected in the SEP.

### Transport

Transport projects form a major component of the Place theme in the SEP and will constitute a substantial call on LGF resources. The County and City Councils as Highways Authorities will continue to work closely with the DfT, Highways Agency, and other partners to ensure the transport aspects of the SEP are robust and deliverable and represent good value for money.

### City Deal

24. Negotiations on the Leicester and Leicestershire City Deal are very close to being concluded and formal sign off is expected on a date to be confirmed in early March. Over its lifetime the City Deal is expected to deliver:
- A new employment scheme targeted at 16-24 year olds that will reduce youth unemployment by 50% by 2018, deliver 3,000 new apprenticeships and 1,000 traineeships and work placements.
  - An innovative new employment and training scheme for young offenders.
  - Improved co-ordination of business support services and a range of innovative business support programmes. These will support further growth in Leicester and Leicestershire's small and medium enterprises and contribute to job growth.
  - A new pan-Midlands supply chain initiative that will support the growth of manufacturing and engineering small and medium enterprises.
  - New infrastructure that will support the expansion of Loughborough University Science and Enterprise Parks (providing 8 hectares of new employment land) and unlock a new Advanced Technology Innovation Centre. This new centre will create 755 new jobs and safeguard a further 400.
  - £30 million of local and national public sector investment.
  - £103 million of private sector investment.
25. To assist in achieving these objectives, Government will provide £16m of additional funding to complement local partners financial contributions and commitments.
26. As part of the City Deal negotiations, local authority partners have also committed to the following:
- Leicester City Council plans to consult on its draft preliminary Community Infrastructure Levy schedule in February 2014 with an Examination at the end of 2014.

- Charnwood Borough, Melton Borough and North West Leicestershire District Councils have active Local Plan processes running and will consider Community Infrastructure Levy activities as part of these processes.
- Harborough District, Oadby and Wigston Borough, Hinckley and Bosworth Borough and Blaby District Councils will consider the Community Infrastructure Levy in light of their local market conditions, revised regulations and infrastructure requirements.
- All local authorities in Leicester and Leicestershire will work together to upload all relevant information onto the e-Pims database. Leicester City Council and Leicestershire County Council will upload their information by April 2014 and all district councils within Leicestershire will upload their information by December 2014.
- All local authorities in Leicester and Leicestershire will meet with the Government Property Unit to discuss local best practice on asset management and their future plans in this policy area.

27. The successful conclusion of the City Deal with Government demonstrates the capacity of local private and public partners to work collaboratively towards the regeneration of the Leicester and Leicestershire economy.

#### **European Structural and Investment Funds (ESIF) Strategy**

28. The Government has given LEPs a significant role in the next EU Structural Funds Programme 2014 -2020 including responsibility for developing an ESIF strategy, selecting projects, identifying match funds, and ensuring that spend and outcome targets are achieved. The final ESIF Strategy was submitted to Government on 31<sup>st</sup> January 2014. It focuses on:

- Supporting businesses, including helping start-ups, helping to improve the survival rates of local businesses, supporting their growth and diversifying the economic base towards more innovation, exports and higher value commodities and services.
- Engaging individuals and providing them with skills development and employability support to expand labour market participation and to enhance the supply of skills to the local economy, with a particular focus on those who are furthest from the labour market.
- Support rural areas to contribute more to growth and develop balanced, inclusive and sustainable economies through better opportunities to access innovation and support, enhancing the use of ICT in rural businesses and ensuring local people have the right skills to drive growth.

#### **Enabling Growth Action Plan**

29. The County Council's Economic Growth Priorities were approved in November 2012 in order to set out how the Council would support implementation of the LLEP's Economic Growth Plan. It is proposed that the Priorities be refreshed through preparing an Enabling Growth Action Plan which will set out how the Council will support delivery of the SEP. A draft Plan will be prepared for the Cabinet's consideration.

## **Background Papers**

Leicestershire Together Performance Framework 2012

<http://www.leicestershiretogether.org/>

The Draft Strategic Economic Plan - 19<sup>th</sup> December 2013

<http://www.llep.org.uk/SEP>

## **Appendices**

Appendix A – Draft SEP Executive Summary

Appendix B – Draft SEP Growth Area and Growth Programme Summary

## **Relevant Impact Assessments**

### Equal Opportunities Implications

The SEP, City Deal and ESIF Strategy seek to strengthen the local economy to improve the economic and social wellbeing of residents. It will particularly seek to improve the employment prospects of those currently out of work and this is likely to benefit groups who are disproportionately affected by unemployment and worklessness. The SEP will be subject to an Equalities and Human Rights Impact Assessment.

### Partnership Working and Associated Issues

Successful delivery of programmes and projects to support economic growth is dependent on collaborative partnership working across the functional economic area of Leicester and Leicestershire. This work is co-ordinated through the LLEP, within which the County Council is an active partner.

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## Appendix A

### Leicester and Leicestershire Enterprise Partnership

#### Strategic Economic Plan, 2014 to 2020

#### Executive Summary

### 1. Introduction

- 1.1 The Strategic Economic Plan (SEP) for Leicester and Leicestershire sets out our growth ambitions for the area and how we plan to capitalise on our economic assets. Our analysis demonstrates that Leicester and Leicestershire has both strengths and opportunities which give us a competitive advantage over other areas of the country. This means that with the right investment, our area is primed for economic success. The SEP provides a framework for Local and National Government, key partners and our private sector to co-invest in growing our local economy.
- 1.2 We are well placed to contribute to re-balancing the UK economy to avoid reliance on London and the South East. Our key infrastructure projects will deliver benefits that will be felt well beyond our borders. Given the tools to drive growth, we can punch above our weight to help the Government deliver its ambitions for UK plc.
- 1.3 The SEP has drawn together commitment from all local partners, including the Voluntary Sector and, notably, from our Business Council who represent 10,000 private sector businesses in the LLEP area. We have consulted extensively to develop a shared vision for the area, shared priorities and a common path for us to follow to deliver our ambitions.

### 2. Vision

- 2.1 Our shared vision for the area is:

***To create a vibrant, attractive and distinctive place that will ensure a prosperous economy, secure and well-paid jobs and a sustainable environment, through growth by innovative businesses and a highly skilled workforce, making Leicester and Leicestershire destinations of choice for successful businesses.***

### 3. Ambitions

- 3.1 Through our SEP, we plan to achieve three major transformations:

- 1. Transformation of the City Centre and Waterside area in Leicester**
- 2. Introduce pace and unprecedented levels of investment to deliver major projects including our Enterprise Zone at MIRA and the Loughborough University Science**

**and Enterprise Park**

**3. Resolve the long standing issues of unemployment and low wage levels**

3.2 Through our SEP, we will:

- **Increase our GVA from 19bn to 23bn by 2020**
- **Achieve at least 1:5 private sector leverage – minimum of £2.5bn investment from the private sector by 2020**
- **Generate an additional 45,000 private sector jobs over and above what is forecast within the OBR employment estimates and increase our share of knowledge intensive activity**
- **Enhance Leicestershire’s role as a major economic centre, with an innovative and industrious city at its core**
- **Unlock the Leicester Strategic Regeneration Area as a major place of transformation creating a thriving, dynamic leading UK city for work, living and cultural activity**
- **Unleash the innovative potential of our Universities and deliver the Loughborough Science and Enterprise Park extension and the Enterprise Zone at MIRA Technology Park**
- **Develop the logistics and distribution sector to create agglomeration effects as far as East Midland’s Airport and the Roxhill site, capitalising on global air services**
- **Reduce levels of unemployment by 50%**
- **Support 15,000 businesses to accelerated growth and stimulated over 1,000 start ups**
- **Develop a highly skilled workforce to meet current and future economic needs**
- **Increase the proportion of the working age population qualified to NVQ4 equivalent to catch up with national figures**

**4. Growth Deal Ask and SEP Funding**

4.1 To support our SEP we wish to negotiate a Growth Deal of **£252m for the period 2015-2020**, with a first year **2015-16 ask of £51.3m**. This is against a portfolio of almost **£2.5bn** of investment of local public and private sector resources, representing a minimum leverage ratio of £5 of investment for every £1 invested through the Growth Deal. This may be a

conservative estimate as some of our Sustainable Urban Extensions could deliver many times this leverage ratio. Within our SEP we have prioritised infrastructure investment, which represents 83% of our overall programme value and almost 90% of our Growth Deal Ask.

4.2 The SEP recognises that funding will come from other public sources to deliver our growth agenda. This includes:

- EU Structural Investment funds (£111m over 2014 to 2020)
- City Deal (£16m over 2014 to 2018)
- Local Authorities (£100m over 2014 to 2020)
- Enterprise Zone Business Rates (£23m over 2014 to 2020)

4.3 In particular, the business and people themes within our SEP will be funded predominantly through City Deal and the European Structural Investment Funds.

## 5. Intervention Rationale

5.1 Our rationale for intervention has been based on extensive economic analysis and consultation with our partners, the business community and the voluntary and community sector. We have identified our strengths and assets, whilst recognising that there are some risks which could constrain economic growth in our area. Interventions have been designed to both capitalise on opportunities and overcome potential barriers to growth.

<b>Economic Assets</b>	<b>Potential Risks to Economic Growth</b>
<b>A vibrant City Centre</b>	<b>20,000 jobs lost in the economy since 2008</b>
<b>Largest logistics park in Europe</b>	<b>70% of our SMEs have growth aspirations but need help to grow</b>
<b>Second largest Science Park in the country</b>	<b>Significant demand for office space and employment sites to come forward</b>
<b>UK's second largest air freight hub</b>	<b>Congestion causing increases in business costs</b>
<b>Three excellent universities and a strong FE Sector</b>	<b>Employers reporting lack of skilled workers in key sectors</b>
<b>Enterprise Zone at MIRA Technology Park that is set to become a global centre for automotive R&amp;D</b>	<b>Insufficient young people choosing STEM careers</b>
<b>Well-connected central location</b>	<b>Pockets of high unemployment and deprivation</b>
<b>22 million consumers within a three-hour drive</b>	
<b>Planned investment in rail infrastructure, Leicester will be one hour's train journey from</b>	

## 6. Sector Interventions

- 6.1 Our area has a diverse economy which we consider to be a strength and has protected our economy from extreme decline during recessions. We would like to protect this diversity, whilst recognising the need to encourage growth in knowledge intensive sectors. It is beneficial from a productivity perspective to have a stronger knowledge-based economy, but we feel it is also important to preserve a high employment rate. We therefore aspire to have a balanced sector structure with a range of high, intermediate and low skills level jobs in the economy. Over the time period of the SEP, we hope to both improve the quality of jobs available and improve the ability of local people to access these jobs.
- 6.2 Our Business Council have worked with us to consider the challenges and opportunities facing different sectors and the most appropriate interventions to support growth. These are summarised in the table below:

Higher than average concentrations of employment and competitive advantage where the aim is to accelerate existing enterprise growth	Important sectors where aim is to increase our share of employment – to drive up earnings and GVA and improve survival and productivity	Facilitate new sector development where there are local opportunities for growth and expertise in HE and FE	Core sectors where there is significant “churn” and replacement demand, generally lower skilled & more entry level jobs
Distribution and Logistics High-Technology Manufacturing and Food & Drink Manufacturing	Business & Financial Services Tourism and Hospitality Creative Design	Environmental /Low Carbon Technologies Space and Aerospace Life Sciences	Health and Social Care Retail
Focus for business development and support activities		Focus for activities to develop commercial applications from HE/FE knowledge	Focus for addressing worklessness

- 6.3 In addition, we recognise that **construction** will be important to enable us to achieve our infrastructure aims. If we do not have access to sufficient construction labour, then this will constrain growth and so this sector will be taken into account when developing infrastructure project plans.
- 6.4 We will work with the Business Council to develop **integrated** sector growth plans which take into account the infrastructure, business support and skills interventions that will be needed to enable our sectors to reach their potential.



## 7. Prioritisation and Structure of SEP

7.1 We have structured our SEP to set out our investment plans around three key themes:

- **Place**
- **Business**
- **People**

7.2 Importantly, we recognise that these three themes need to function effectively together and have positive inter-relationships.

7.3 Within each theme we will prioritise programmes and projects based on:

- **Ambition and Rationale**

Strength of link/connection to national policy initiatives and key drivers to local growth as defined by the SEP

Robust and credible evidence base linked to identified need/demand

Demonstrates clear resource plan, match funding and financial allocations (cost-benefit analysis)

- **Value for Money**

Clear description of intervention activity, anticipated costs and realistic timeframe

Return on investment - indicative outputs (jobs, leverage, GVA)

Link to wider/additional economic benefits and other outcomes (e.g. social, environmental)

- **Delivery and Risk**

Evidence of collaborative approach, strength of partnership support and commitment from key agencies

Strength of accountability and delivery arrangements in place, including robust risk and performance management and capacity/capability to deliver

Achievable timeline/timescales for delivery and identified key milestones

## 8. Investment in Place

8.1 Leicester and Leicestershire acts as a functional economic area with significant inter-dependencies between the City and County, sharing travel to work patterns, retail and leisure catchments and housing markets. Investment and growth within the area is predominately retained amongst our local population.

8.2 In order to develop Leicester and Leicestershire's economy and ensure it is fit for purpose for the future, we need to ensure the location functions well for people, businesses and investors in terms of:

- Being an exceptional place to make and distribute goods and services,

- Being an exceptional place to easily access employment, leisure and learning
- Having excellent quality and range of housing and urban environments
- Being a place where our natural environment and heritage is celebrated and protected
- Being able to accommodate additional growth of our businesses and population

### **Strategic Investment Priorities - Growth Areas**

8.3 In order to prioritise our infrastructure investment we have identified five growth areas within the LLEP geography. These are:

- **Loughborough and Shepshed**
- **East Midlands Enterprise Gateway**
- **South West Leicestershire**
- **A511 Corridor (M1 to A42)**
- **Leicester Principal Urban Area**

8.4 Within each of these areas, we have identified priority projects that will deliver economic growth. These include investment in strategic transport nodes, strategic transport corridors and infrastructure to release or accelerate the development of employment sites and, housing developments.

### **Transformational Projects**

8.5 We have also identified four transformational projects which fit within these geographical areas and will achieve significant wider economic impact. These are:

- **Leicester Strategic Regeneration Areas (SRA) Programme**
- **MIRA Enterprise Zone**
- **Multi-Modal Distribution Hub**
- **West Loughborough and University Science and Enterprise Parks**

8.6 Within these transformational projects we will support a broad range of activity to unlock some of the clear opportunities these sites offer including access improvements, land acquisition and site assembly, loans, grants and gap funding to stimulate private sector investment and public realm improvements.

### **Growth Programmes**

8.7 The following growth programmes will also support the development of the LLEP area infrastructure:

- **Rural Leicestershire**
- **Sustainable transport and modal shift**
- **Optimising use of the transport system**
- **Commercial developments and infrastructure**

- **Leisure and culture investment**
- **Town centre regeneration**

Place Theme Investment Summary	Key Outcome Summary
Local Growth Fund £183m	15,000 new jobs
City Deal £2m	Unlock key development sites
Local Funding £390m	Improved connectivity and reduced congestion

## 9. Investment in Business

### Strategic Context

- 9.1 The LLEP area is home to around 32,800 VAT and PAYE registered businesses (8,400 based in the city and 24,400 in Leicestershire). The majority of these businesses (95%) employ less than 20 people and most businesses have turnover below £250k. Business start-up rates in the LLEP area still lag behind the England average but the rate of increase over the past two years has outstripped the national growth rate. Three year business survival rates in Leicester City are currently below the England average. We would like to encourage a higher proportion of our business start-ups to be in knowledge intensive sectors and for those starting a business to have high quality support to help them succeed and grow.
- 9.2 The Leicester and Leicestershire Business Survey indicated that 70 per cent of our existing businesses have growth plans which is extremely positive. However, they face a number of concerns which could constrain growth and include: high energy costs, unsuitable premises, staying ahead of the competition, regulation, finding new business, cash flow, access to finance and finding suitable staff. Our local businesses have also reported that they are confused about how to access the support that they need to grow and that current business support is fragmented and inconsistent in quality.
- 9.3 For LLEP to meet its growth ambitions, promoting and embedding innovation will be essential to underpin success. Innovation can be defined as ‘the commercial exploitation of new ideas in the form of new products and processes, new organisational techniques, new markets and new sources of supply.’ A high proportion of our local businesses have made no financial investment in R&D and only 15% of our businesses with over 5 employees have worked with a university in the last three years. There appears to be a mismatch between the innovative output of our universities and FE sector and the business formation in our area. Similarly, we have identified the need to support our local businesses in making the best use of new technology and ICT to drive up productivity.
- 9.4 Access to finance has been identified as a key constraint to growth in our research. This has been further re-inforced by the success of our Regional Growth Fund (RGF 3) which has attracted significant interest from our manufacturing sector.
- 9.5 A large number of our small businesses have never engaged in management or leadership training and do not recognise the need for it. Recent consultations with the Business Council have stressed the central importance of management and leadership in improving the

capacity or our small businesses to grow and productivity to increase. The flexibility of training provision is vital, with businesses wanting access to ‘bite size’ courses (e.g. through the Skills Metro identified in the People theme).

- 9.6 We have already included activities in our City Deal and European Structural Investment Funds to support business growth. In particular, our City Deal identifies the creation of a business support gateway to provide a comprehensive service to help our businesses grow.
- 9.7 In the light of the above, the key activities that we have identified to help drive forward our businesses are shown in the following tables.

<b>Business Support Programme 2015/16 to 2019/20</b>	
<b>Project</b>	<b>Activity</b>
Business Gateway/Support	Comprehensive service to support local businesses to grow including signposting to national and local programmes and direct delivery Business Support programmes
Access to Finance	Joint work with East Midlands LEPs through Collaborative Financial Instrument
Business Growth Grant programme	Large grants to medium businesses and micro grants to small businesses to support growth (RGF programmes)
ICT Business Support	Activities to help businesses develop their e-commerce/ICT strategies and roll out and take up of High Speed communications technology
Premises and work space	Investment in incubation processes and expansion space, including investment in upgrading existing stock. Investment in Demonstrator Space.
<b>Innovation Support Programme 2015/16 to 2019/20</b>	
<b>Project</b>	<b>Activity</b>
Support for SME Innovation	Promote innovations in new technologies, products and services through the services of the Business Growth Hub and develop more effective routes to create productive links to HE, including access to Business Schools
Commercialising research expertise	Develop programmes based on HE research strengths to improve local commercial exploitation with links to enhanced incubation/innovation/demonstration facilities located close to HE.
Commercialising research expertise	Support for HE/FE spin outs through creating seed investment funds to promote early stage development
Attracting R&D Investment	Programme to attract new R&D investment into the LLEP area, linked to both HE and MIRA strengths
<b>Business Skills Support Programme 2015/16 to 2019/20</b>	
<b>Project</b>	<b>Activity</b>
Support for SME start up and Growth Skills	Business dimension to Skills Metro with flexible access to support business needs – including enterprise and start up skills
Leadership and Management Development	Provision of flexible training

- 9.8 We have a strong emphasis within our ESIF Strategy to use the Low Carbon Thematic Objective to generate new jobs, products, infrastructure and business opportunities. Low carbon is therefore a cross cutting theme of great importance to a number of our priority sectors as well as a priority sector in its own right. As example is Food and Drink Manufacturing Production, where in a highly competitive market where buying power is concentrated in a small number of national supermarkets there is intense pressure to reduce costs and raise productivity. Managing waste, lowering energy costs, effective disposal of waste water and smarter logistics are central to this agenda.

#### Low Carbon Support Programme 2015/16 to 2019/20

Project	Activity
Low Carbon Business Support	Integrated programme of support to businesses to raise awareness of opportunities for investment/growth
Smart Technology/Supply Chains	developing the use of SMART environmental technologies and supply chains through promoting the market in low carbon environment technologies

Business Theme Investment Summary	Key Outcome Summary
Local Growth Fund £37m	GVA growth from £19b to £23b
City Deal £10m	Support 12,000 business to grow
ESIF - £37m (including business skills)	Create 10,000 jobs
Private Sector leverage £328.5m	Significant private sector leverage
Other Local Funding £14m	

## 10. Investment in People

### Strategic context

- 10.1 To prosper and grow, our businesses need people who have the right skills, experience and qualifications both now and in the future. Our economy also needs people that are enterprising and creative. At present we have evidence of recruitment difficulties, skills shortages and skills gaps in the local economy. For example 23% of our businesses in a recent survey said that skills shortages were having a serious impact on their business, rising to 45% of engineering businesses. Recruitment difficulties have increased as the economy enters a period of recovery and are especially marked in the engineering, manufacturing and care sectors. There are growing concerns in sectors such as logistics which are projected to grow but have an older age profile and need to attract young people to the sector.
- 10.2 We have three universities in our area – De Montfort, Leicester and Loughborough – each offer excellent teaching and have some world class expertise and research specialisms. However, we have an opportunity to do more to retain our graduates and indeed attract graduates from other areas of the country. This will help us to develop our knowledge economy by enhancing the competitiveness of our existing businesses and by attracting inward investment into our area.

- 10.3 There is a strong FE sector with the majority of colleges graded OFSTED good, providing a wide range of vocational training which is well aligned with employer needs. Our local skills system has well established and there are good links with schools, universities, colleges and employers and the voluntary and community sector. This provides a strong platform to build from.
- 10.4 Qualification levels in the LLEP area workforce have improved significantly but remain below national levels, and this is especially marked in Leicester City, where 14% of the resident workforce still have no qualifications (compared to 9.5% in England) and 10% have other qualifications (compared to 6% in England).
- 10.5 The unemployment rate in Leicester City has been above the national average for many years and there are some pockets of higher than average unemployment in Leicestershire (especially in Coalville and Loughborough). Youth unemployment is also a concern in Leicester City.
- 10.6 Through the SEP and building on City Deal and the ESIF strategy we plan to establish a virtual “Employment and Skills Hub” which will facilitate a co-ordinated approach to employment and skills. It will provide a focus for:
- **Strategic skills planning – maximising access to funding streams and making best use to meet our needs.**
  - **Employer engagement – so that we can respond to emerging skills needs and influence provision.**
  - **Collaboration – between employers, schools, colleges and universities to join up activities.**
  - **Skills Planning – to better match skills supply and demand especially around our infrastructure projects and priority sectors.**
- 10.7 We have identified a number of activities to improve the match between skills supply and demand to support our growth ambitions. These include:
- **Key employment site and priority sector skills plans**
  - **Investment in the development and retention of higher level skills**
  - **Development of leadership and management skills**
  - **Development of business skills**
  - **Skills Metro - flexible approach to developing skills at all levels**
  - **Demand stimulation - increasing the number of internship, apprenticeship, traineeship and work placement opportunities, especially within SMEs**
  - **Employment Gateway – to support people into employment**
  - **Interventions to address worklessness and support those that are NEET**
  - **Improved Information Advice and Guidance service (IAG)**
  - **Capital investment to improve skills infrastructure**
- 10.8 We have developed four flagship priority projects to take forward these activities:
- **The Leicester and Leicestershire to Work Gateway**

- **The Skills Metro**
- **Higher level skills retention project**
- **IAG project**

<b>People - Employment and Skills Support Programme 2015/16 to 2019/20</b>	
<b>Project</b>	<b>Activity</b>
Leicester and Leicestershire to Work Gateway	<p>Intensive support to those that are out of work to help them access employment and training opportunities – including case workers for those that are most disadvantaged</p> <p>Demand stimulation to create more opportunities in the labour market for young people and those that are unemployed – to include apprenticeships, traineeships and work placements</p> <p>Intensive support to those that are NEET and unemployed including:</p> <ul style="list-style-type: none"> <li>• Get Into and Get Started type programmes</li> <li>• Talent Match</li> <li>• REACH UP to support ex-offenders</li> <li>• Family employment advisors (to work with Supporting Leicestershire Families and Think Family participants)</li> <li>• Social inclusion – holistic and family focussed interventions and rural inclusion</li> </ul>
Skills Metro	<p>Skills Metro infrastructure – design to provide flexible ‘bite size’ training to support SMEs and existing workforce to develop their skills</p> <p>SME business skills</p> <p>Leadership and management skills</p> <p>Provision of flexible training to businesses and individuals</p>
Higher Level Skills Development & Retention	<p>SME engagement programme to raise demand for higher level skills</p> <p>Graduate placement and internship programmes, including start up support</p> <p>Higher level apprenticeships and support for progression</p> <p>Graduate employability skills</p>
Information, Advice and Guidance (IAG)	<p>Primary school engagement – careers and labour market information</p> <p>Improved quality of labour market information and co-ordination of careers advice – for young people and parents</p> <p>Employers working with schools</p> <p>Work experience support for those aged 14 to 16</p>

- 10.9 Our City Deal and ESIF strategy include activities to support young people and those furthest from the labour market back into employment. In addition our ESIF highlights the importance of addressing those with complex barriers to employment and the wider social inclusion agenda. The ESIF also allocates significant funding to developing the skills of the current workforce in line with employer needs.

People Theme Investment Summary	Key Outcome Summary
Local Growth Fund £65m (to include skills capital) City Deal £4m ESIF £44m Other Local Funding £4.7m	Unemployment reduced by 50%, including youth unemployment and NEET  6,000 new apprenticeships, traineeships and work placements created  Supporting 10,000 people to develop their skills  To increase proportion of workforce qualified to NVQ2 and NVQ4 equivalents, in line with the national average

## 11. Additional Asks

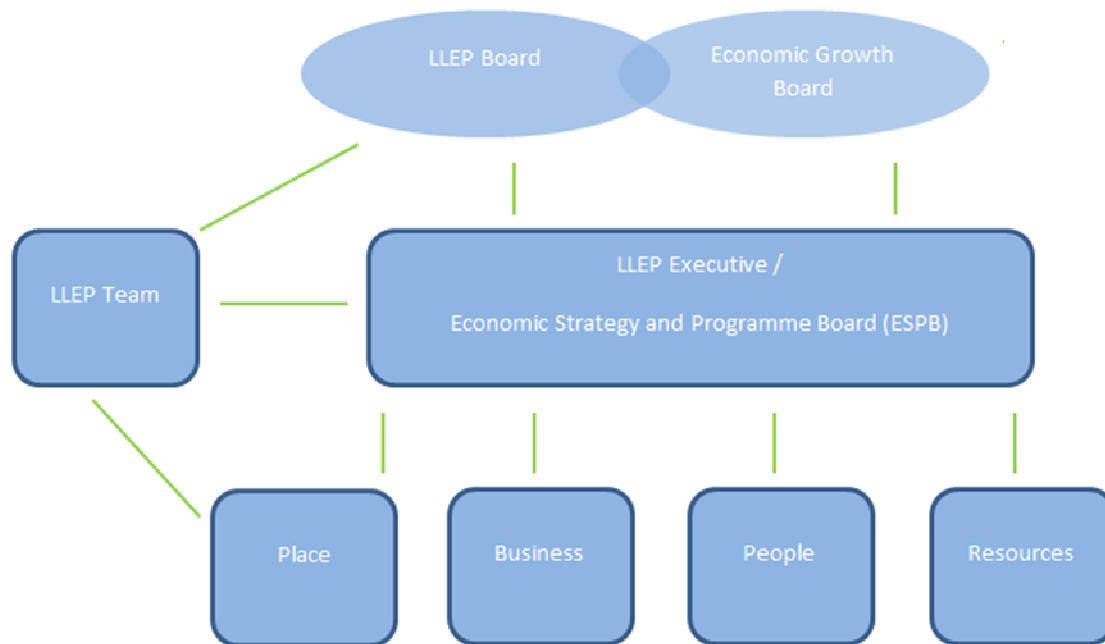
- 11.1 In addition to accessing the Growth Deal funding, through the SEP we have highlighted a number of “freedoms and flexibilities” that will enable the efficient delivery of our ambitions.
- 11.2 **Efficient Resource Arrangements.** There is a danger that the resource allocation process to fund Growth Deals will be unnecessarily complex and carry inappropriate transaction costs for partners. We ask that Government makes this as simple as possible with a “no strings” policy, subject to delivery of projects and programmes identified within the Plan.
- 11.3 **Prioritising Planning Inspectorate Activity.** Some of our transformational physical projects may require Planning Inquiries to be held. Our ask is that Government ensures that the Inspectorate has the capacity it needs to respond speedily and effectively but that in the interim, it gives priority to LLEP growth projects rather than operates a “first come first served” queue, regardless of the impact on growth
- 11.4 **Parity of CPO Powers for Local Planning Authorities.** In contrast to the powers available to the Homes and Communities Agency and the former Regional Development Agencies, who were able to use the justification of “economic need”, Local Planning Authorities face a range of restrictions in justifying the use of CPO powers. Our ask is that Local planning Authorities are allowed to use the justification of economic need when seeking to implement CPOs.
- 11.5 **Priority Action by Government Agencies.** A number of Government agencies have a critical role when assessing major infrastructure investments and this can add considerably to the time taken for projects to proceed to implementation. Our ask is that the Environment Agency, English Heritage and Highways Agency fast track their consideration of our priority projects.



- 11.6 **Sharing Information on Jobseekers.** A considerable amount of time is deployed by local partners implementing schemes to get unemployed people back into work. However, it is very difficult to monitor the effectiveness of interventions due to the inability of the DWP Job Centre Plus system to measure when people enter work. We understand that this is possible to deliver but comes with a potential additional cost. Our ask is that we be allowed to participate in a pilot scheme to understand the scale and nature of these costs and to explore how they could be mitigated, possibly by joint partnerships investment.
- 11.7 **Responsive to local needs.** We would like to have more influence over the delivery of national programmes in our local area, for example the Work Programme and Skills Funding Agency expenditure. Linked to this, it would be useful to have more detailed performance information on how national programmes are performing in our local area, and how they are benefitting specific groups in the local labour market and/or local businesses.
- 11.8 **The City of Leicester be given the same priority as other ‘core’ cities.** At present Leicester is not one of the eight core cities even though Leicester has a population which is higher than two of the core cities (including Nottingham), an economic activity rate that is higher than five other core cities and comparable GVA per head. Leicester is also the most densely populated of all core cities. By not being a ‘core’ city, we feel that Leicester has missed out on key opportunities – such as the wave one City Deals and now potentially the chance to apply for a University Enterprise Zone. We very much welcome the opportunity to compete for funding with other LEP areas, but would like this to be on the basis of a ‘level playing field’.
- 11.9 **University Enterprise Zones.** We would like assurance that our universities will be able to bid for University Enterprise Zone status in wave one.
- 11.10 **National initiatives.** There are a number of national initiatives that Government will select on a competitive basis. Some of these have a strong strategic fit with our SEP and will strengthen our local economy. Opportunities in our area include the Energy Systems Catapult at Loughborough and the Advance Propulsion Centre at MIRA. We would like to ensure that Leicester and Leicestershire is considered as a location for these initiatives based on the strength of our local evidence.
- 11.11 **Revenue funding.** We would like access to revenue funding to help feasibility and design of capital projects. In addition we would like the Government to provide some revenue funding for innovative local business and skills initiatives.

## 12. Governance

- 12.1 The diagram below shows the proposed governance for the Strategic Economic Plan.



- 12.2 At the highest level, surety on overall Governance will be provided through shared membership of the LLEP and Economic Growth Board, with the Chair of the LLEP sitting on the Economic Growth Board and Local Authority member sitting on the LLEP Board.
- 12.3 The Local Transport Board (LTB) has identified transport priorities in 2015/16. The LTB has local authority and LLEP membership and it is intended that the LTB be aligned to the Economic Growth Board. Similarly it is proposed that the MAG – Members Advisory Group on Housing and Spatial Planning issues be aligned to the Economic Growth Board
- 12.4 **LLEP Board:** Will provide oversight, challenge and review to the delivery of the Strategic Economic Plan. It will inform the objectives and prioritisation for investment programmes, lead on business engagement, inward investment, trade and development of future economic strategies.
- 12.5 **Economic Growth Board:** Will provide strategic oversight of the economic development delivery by Local Authorities. It is proposed that it will oversee the functions of the Local Transport Board. It will also inform objectives and prioritisation for investment programmes and management of pooled local authority resources funding.
- 12.6 **LLEP Director:** Will ensure that both Boards are appropriately advised. The Director will ensure that operational commissioning arrangements are in place for the delivery of programmes; ensure robust performance monitoring exists and provide continuing strategic development of the LLEP.
- 12.7 The Boards and Director will be supported by a **LLEP Executive** which will consist of the LLEP Director, senior local authority officers, senior HE, FE, third sector and business representatives with appropriate officer input from Government. Its role will be to ensure

implementation of the Boards' priorities, programmes and projects and provide surety to the Board that resources are being managed effectively.

- 12.8 There will be Project and Programme specific groups established to oversee the implementation of key programmes and projects.

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**Strategic Economic Plan**  
**DRAFT Growth Area and Growth Programme Summary**

Ref	Programme / Area	BUSINESS	SLGF Ask	City Deal	EU SIF
<p>Activities in our City Deal and European Structural Investment Funds have been identified to support business growth; in particular, the creation of a business support gateway to provide a comprehensive service of support that they need to grow (including access to finances and help to find suitable premises and staff).</p> <p>Support will be made available to local businesses to make the best use of new technology and ICT to drive up productivity and to access management or leadership training. Business start-ups will be encouraged to be in knowledge intensive sectors and for those starting a business to have high quality support to help them succeed and grow, maximising the innovative output of our universities and FE sector and the business formation in our area.</p>					
BP 1	Innovation / R&D support to businesses		X		X
BP 2	ICT support to business		X		X
BP 3	SME Competitiveness		X	X	X
BP 4	Environment and low carbon business support		X		X
BP 5	Regional Growth Fund / Access to Finance		X	X	
Ref	Programme / Area	PEOPLE	SLGF Ask	City Deal	EU SIF
<p>The SEP builds on the City Deal and the EUSIF strategy to establish a virtual “Employment and Skills Hub” which will facilitate a co-ordinated approach to employment and skills. It will provide a focus for strategic skills planning, employer engagement, collaboration between employers, schools, colleges and better plan skills to meet demand, especially around our infrastructure projects and priority sectors. Flagship proposals will provide targeted programmes to address worklessness as well as broader labour market initiatives to ensure the supply of suitably skilled people meets the demands of our economy.</p>					
PP 1	Leicester and Leicestershire to Work Gateway		X	X	X
PP 2	Skills Metro		X	X	X
PP 3	Higher Level Skills Development & Retention		X		X
PP 4	Information, Advice and Guidance (IAG)		X	X	X
Ref	Programme / Area	PLACE	SLGF Ask	City Deal	EU SIF
<p>To develop Leicester and Leicestershire’s economy and ensure it is fit for purpose now and for the future, infrastructure investment will be prioritised across five Growth Areas within the LLEP geography and a range of Growth Programmes. Infrastructure spending will release employment and housing sites, accommodate growing businesses and those in our key sectors and support business productivity.</p>					
GROWTH AREAS					
GA 1	Loughborough & Shepshed		X	X	
GA 2	East Midlands Enterprise Gateway		X		

<b>GA 3</b>	<b>South West Leicestershire</b>	<b>X</b>		
<b>GA 4</b>	<b>A511 Corridor (M1 to A42</b>	<b>X</b>		
<b>GA 5</b>	<b>Leicester Principal Urban Area</b>	<b>X</b>		
<b>GROWTH PROGRAMMES</b>				
<b>GP 1</b>	<b>Rural Leicestershire</b>	<b>X</b>		
<b>GP 2</b>	<b>Sustainable Transport &amp; Modal Shift</b>	<b>X</b>		
<b>GP 3</b>	<b>Optimising use of the transport system</b>	<b>X</b>		
<b>GP 4</b>	<b>Commercial Developments &amp; Infrastructure (including broadband)</b>	<b>X</b>		
<b>GP 11</b>	<b>Leisure &amp; Culture Investment</b>	<b>X</b>		
<b>GP 12</b>	<b>Town Centre Regeneration</b>	<b>X</b>		