



LEICESTER & LEICESTERSHIRE

STRATEGY FOR ECONOMIC GROWTH

2010-2020

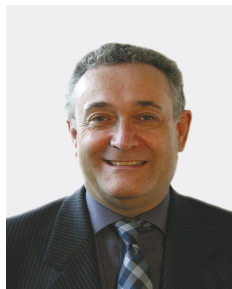
FOREWORD

We are pleased to present our 'Leicester and Leicestershire Strategy for Economic Growth' to you on behalf of Leicestershire Together and One Leicester, the Local Strategic Partnerships for the City and County.

It is an exciting time for our economy and there is an increased sense of common purpose, political leadership, optimism and energy. In January 2009, Leicester and Leicestershire signed a Multi-Area Agreement (MAA) with Government which provides the key delivery framework for this strategy.

Our economy faces a number of challenges and we are determined to overcome these by delivering effective solutions together. We have an ambitious economic vision for our sub-region, a vision to inspire businesses, residents and investors in our City, towns and rural areas. We will improve the quality of life for everyone by capitalising on our enormous opportunities and by playing to our strengths and overcoming challenges.

This economic strategy proposes the priority outcomes that we will deliver over the next 10 years to enable economic growth in this sub-region. Our strategy is supported by three-year strategic commissioning plans and the priority outcomes that it identifies are based upon the joint Leicester & Leicestershire Economic Assessment which provides a comprehensive analysis of our sub-regional economy.



David Parsons

Mr David Parsons CBE
Leader, Leicestershire County Council



Ross Willmott

Mr Ross Willmott
Leader, Leicester City Council

INTRODUCTION

The Leicester and Leicestershire sub-region has a 'core-periphery' structure with a large city as its centre, surrounded by densely populated towns, which themselves are surrounded by a large rural hinterland. The population of the sub-region is approaching one million people and it is the largest of the seven sub-regions in the East Midlands. The sub-region functions as an integrated economic area because of its travel to work and retail patterns, inter-commuting and transport links.

Our sub-region enjoys a central location in the UK with excellent transport links by road, rail and air. The County of Leicestershire has a high quality natural environment, vibrant market towns and attractive villages which provide for a high quality of life and a draw for tourism and recreation. Leicester is the economic driver and is a truly international city of culture that is seen as a model of community cohesion because of its diversity.

Leicester and Leicestershire is home to major international businesses including Next, Walkers, Triumph, Caterpillar, Santander, Wal-Mart, DHL, 3M and AstraZeneca. We have three world-class universities that have a tradition of innovation across many sectors. Tourism makes a significant contribution to the local economy and we have a number of high profile attractions including Curve, the National Space Centre, Twycross Zoo and the National Forest. The sub-region has hosted high profile cultural and sporting events and is home to successful sports teams with international reputations.

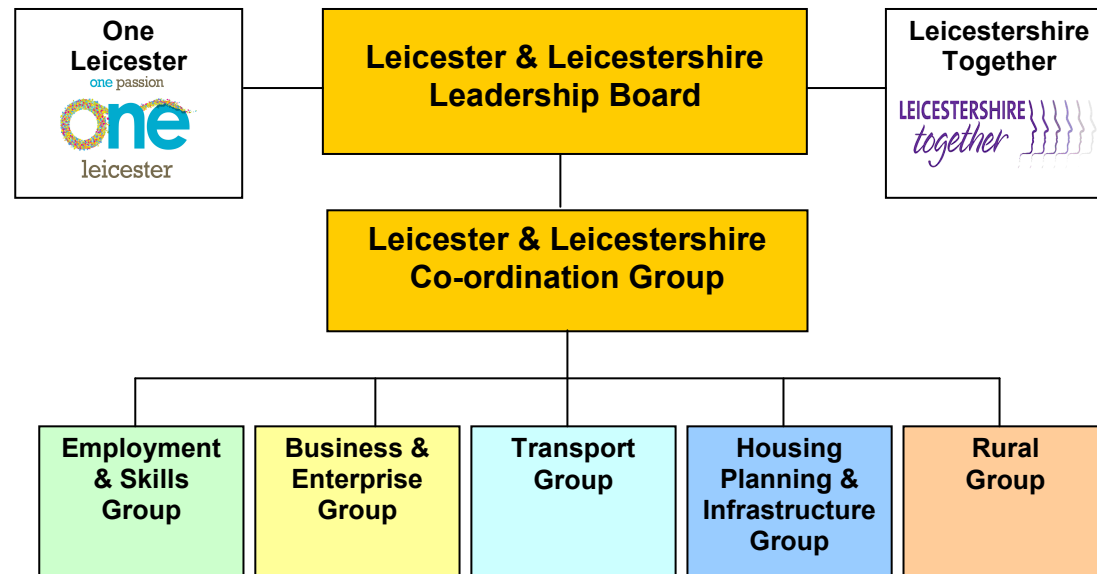
As Leicester continues its transformation through one of the largest regeneration programmes in the country, we must capitalise on these physical changes and deliver a positive and lasting shift in its image. Developments such as the Highcross, New Business Quarter and Cultural Quarter have started to improve the image and perception of the City. Areas within the sub-region have their own local distinctiveness and identity such as Melton for food and drink, Loughborough for science and technology, the City for its diversity and culture and the sub-region's international links, particularly with India and China. We therefore have an opportunity to build on our rich heritage and create a unique identity for our sub-region.

Key Facts

- **Population approaching one million with nearly a third living in the City**
- **Cultural diversity. Over 40% of Leicester City's population from non-white British ethnic groups.**
- **70,800 people commute into Leicester each day and 27,600 commute out - fairly self contained labour market**
- **Estimated GVA of £18.5 Billion which is 24% of East Midlands total GVA**
- **39,350 VAT and PAYE registered businesses, 96% employing less than 50 people**
- **Central location, with excellent transport links with access to 95% of the English population within 4 hours**
- **East Midlands Airport which is located within the sub-region is the second largest freight handling airport in UK**
- **Three excellent universities with international reputations and a strong further education sector**

OUR PARTNERSHIP STRUCTURE

A key feature of our partnership is that it reflects our intention for economic development and regeneration to be delivered on the basis of a combined Leicester and Leicestershire approach. The model recognises the need for clear arrangements to manage the respective roles, relationships and contributions of the County, City and District Councils and other partners.



Leicester & Leicestershire Leadership Board: The strategy holding body where priorities for economic development and regeneration are determined and key investment decisions are made.

Leicester & Leicestershire Co-ordination Group: The Executive of the Leadership Board responsible for the preparation, delivery and performance management of the sub-regional strategy.

Strategy & Performance Groups: The advisory groups of the Co-ordination Group that develop and implement policy, identify priorities for investment and ensure the effective co-ordination and delivery of projects.

Leicestershire Business Council: An advisory group for the Leadership Board in terms of understanding the key issues and priorities for the business community. It has representation across the spectrum of sectors, scale and location of businesses in the sub-region.

"The Leicester Shire Business Council is represented on each of the partnership groups, including the Leadership Board, where the private sector is actively involved in shaping strategy and helping to inform the decisions on how public funding can be used to help grow our local economy".

Andrew Granger, Chair, LeicesterShire Business Council

Voluntary Sector Forum: An advisory group for the Leadership Group in terms of understanding the key issues and priorities for the voluntary and community sector.

"Local voluntary and community groups, as well as volunteering, will be a critical part of sub-regional economic growth, especially for ensuring the benefits of this growth remain in the sub-region and reach all communities".

Kevan Liles, Chief Executive, Voluntary Action LeicesterShire

OUR ECONOMIC ASSESSMENT

Challenges	Opportunities
<p>Productivity and Earnings</p> <ul style="list-style-type: none"> GVA per head in Leicester City is below Nottingham and Derby Workplace earnings in Leicester are low for a City Male resident earnings (median) in Leicester City are the lowest in the region The low earnings are linked to the sector structure, the low proportion of jobs in managerial and professional occupations and qualification levels in the workforce. <p>Sector Structure, Business and Enterprise</p> <ul style="list-style-type: none"> The sub-region does not have a strong identity and image, which has made it difficult to attract knowledge-based inward investment One in three jobs in the City are in the public sector, making the area vulnerable to public expenditure cuts. Three year business survival rates are low in Leicester City and many start ups are in vulnerable sectors. <p>Skills</p> <ul style="list-style-type: none"> 21.4% of Leicester residents have no qualifications and 43% do not have a level two qualification, regarded by many as a pre-requisite to enter employment Only 57% of working age females are in employment in Leicester City Graduate retention from the three universities is low Poor performance of white young people resident in the City is evident at age 11 and carries forward to GCSE results at age 16 Skills gaps reported by many businesses, especially manufacturers <p>Inclusion, Deprivation and Worklessness</p> <ul style="list-style-type: none"> Almost half the neighbourhoods in Leicester City fall into the 20% most deprived nationally, along with five neighbourhoods in Leicestershire Significant increase in claimant count (JSA) unemployed in City & County One in five working age residents claiming out of work benefits in Leicester Decrease in vacancies notified to Job Centre in last 12 months Low aspirations of those in deprived areas of the City Employers reporting lack of “job ready” young people and those returning to work <p>Transport and Infrastructure</p> <ul style="list-style-type: none"> Peak traffic congestion – especially routes into Leicester, Loughborough and Melton, M1 Junction 21. This could become worse with the planned housing growth. Lack of affordable housing across the sub-region Delivery of planned housing growth – particularly unlocking city regeneration areas “City flight” - people leave city as they become more affluent - a complex issue which is in part linked to the quality and mix of housing available Lack of employment land and obsolete premises has constrained growth in the past Delivery of infrastructure to meet the planned housing growth <p>Environment</p> <ul style="list-style-type: none"> Climate change will increase risk of flooding and extreme weather events Managing development and growth against the need to reduce carbon dioxide emissions by 80% before 2050 	<p>Sector Structure, Business and Enterprise</p> <ul style="list-style-type: none"> Diverse economic structure not overly dependent on any one sector Sector strengths in, food and drink, transport and communications, retail and high tech manufacturing Tourism & cultural offer including Twycross Zoo, National Forest, Curve, Phoenix Square, National Space Centre Strong market towns and rural economy as evidenced by GVA Strong retail offer through Highcross and Fosse Park and retail expenditure largely remains within the sub-region Business opportunities to support low carbon economy in resource efficiency, renewable energy, sustainable construction, waste management <p>Skills</p> <ul style="list-style-type: none"> Workforce qualifications in the County are amongst highest in region Qualification levels are improving in both City and County Three world class universities Strong and improving FE sector Progression rates to HE very high in Leicester City especially amongst Indian population <p>Infrastructure and transport</p> <ul style="list-style-type: none"> Strategic location in relation to national road network; 95% English population accessible in 4 hours East Midlands airport, second largest freight handling airport in UK Fast rail service to London and Europe Potential to develop science and enterprise parks Grade A office provision in the City Centre - New Business Quarter Rail freight site in NW Leicestershire with associated employment land Potential for Sustainable Urban Extensions (SUEs) to accommodate and provide strategic employment land and “affordable” housing of the right types and tenures <p>Environment</p> <ul style="list-style-type: none"> Pleasant and attractive natural environment with good access National Forest – national example of environmental led regeneration Scale of mineral resources provides opportunities through planned restoration to provide improved biodiversity and green infrastructure

OUR VISION

We will:

- provide enough jobs for people
- support people to develop their skills and businesses to provide high quality jobs
- ensure local people are job ready
- generate most of our jobs and wealth from our own resources
- provide the right space for companies to start and grow

STRATEGIC PRIORITY OUTCOMES

A productive economy with high performing businesses

A highly qualified, skilled and motivated workforce in high value jobs

Improved opportunities for vulnerable people and communities

A highly sustainable environment with excellent infrastructure

OUR STRATEGIC PRIORITY OUTCOMES

1. A productive economy with high performing businesses

We will create more employment opportunities in high skill and high wage sectors to drive up productivity, to increase the demand for skills and to create clusters of high value sectors to attract new investment. We will achieve this by building on our economy's indigenous strengths and assets and by encouraging enterprise, improving business survival and growth rates and promoting inward investment.

Our economy has undergone a significant change that has resulted in the irreversible decline of the sub-region's manufacturing base which once formed the backbone of its economy. Global competition and technological advance has restructured and moved our economy from an industrial, based around the mass production of goods, to a knowledge economy where we have growing employment in business services, high technology manufacturing, consumer services and creative industries.

Productivity, understood as output per head of the local population, is an important indicator of the overall health and wealth of an economy. Productivity for Leicester City is above the regional and national figures and it is usual for cities to show higher levels of GVA per head than the areas that surround them because they provide a focus or core for economic activity.

The distinction between core-periphery in other city and sub-regions is noticeably more distinct than in Leicester and Leicestershire. This suggests that the contribution of Leicestershire's market towns and rural economy is important and more significant than in other areas of the country.

2. A highly qualified, skilled and motivated workforce in high value jobs

Our sub-regional economy needs skilled, enterprising and creative people. We will ensure that everyone has access to high quality education and training opportunities and we will motivate people to make a positive contribution to our economy.

There is a contrast between the labour market profiles of the City at the core of the sub-region and the surrounding County area. The labour market in the County is one of the strongest performing areas in the region and improving qualifications and skills levels amongst City residents is one of the most significant challenges facing the sub-region. Although there has been some improvement, there are still high numbers of working age City residents with no qualifications and a large proportion do not have a NVQ level 2 qualification.

The performance of primary and secondary schools has a profound impact on image and investment. We have some very successful and innovative schools however we need to address the variability in the performance of schools in order to achieve good standards in primary and secondary education attainment. We also need to increase the demand for high level skills to retain graduates from our three leading universities by providing appropriate career and placement opportunities.

Leicester has relatively low median workplace earnings for a city and the lack of highly skilled jobs is a key feature, with below average employment in management and professional occupations. Whilst it is important to maintain a diverse economic structure, an increase in high value employment is required to increase average earnings and generate wealth.

3. Improved opportunities for vulnerable people and communities

We will ensure that the most vulnerable people and communities in our sub-region receive high quality support services to help them access education, training and employment opportunities. We will raise aspirations and ensure people in the most deprived parts of the sub-region are motivated to make a positive contribution to our economy.

According to the 2007 Index of Multiple Deprivation (IMD), Leicester City is the 20th MOST deprived local authority area and almost half of Leicester City's neighbourhoods fall into the 20% most deprived nationally. Leicestershire County is the 12th LEAST deprived local authority area in the country and five neighbourhoods fall into this category. This suggests that deprivation is relatively widespread in Leicester, but that Leicestershire also experiences pockets of deprivation.

In total 71,810 people were claiming out of work benefits in the sub-region in August 2008. This is a particularly significant problem for Leicester City, where 19.4% of working age residents were claiming benefits. More recent figures indicate that 6.1% of working age residents in the City and 3.1% in the County are claiming Job Seekers Allowance (August 2009). The groups that contribute to at least 93% of all out of work claimants in the sub-region are women, those on incapacity benefit, those not in employment, education or training (NEET), carers, lone parents, older people, black or minority ethnic groups and new communities.

Few barriers to employment exist in isolation and often support is needed to address a number of related or consequential issues such as childcare, housing, health, financial exclusion and debt before a person can be supported into a sustainable employment. Holistic support needs to be flexible enough to take into account inter-dependent needs.

4. A highly sustainable environment with excellent infrastructure

Accessibility and well-designed infrastructure are important to the area's image and in attracting new investment. We will encourage low carbon physical development supported by high quality infrastructure and services. We will aim to create a thriving local market for new industrial and commercial premises with positive growth in rent levels and capital values. We will also ensure new housing developments are attractive and serviced appropriately by transport, employment and leisure opportunities.

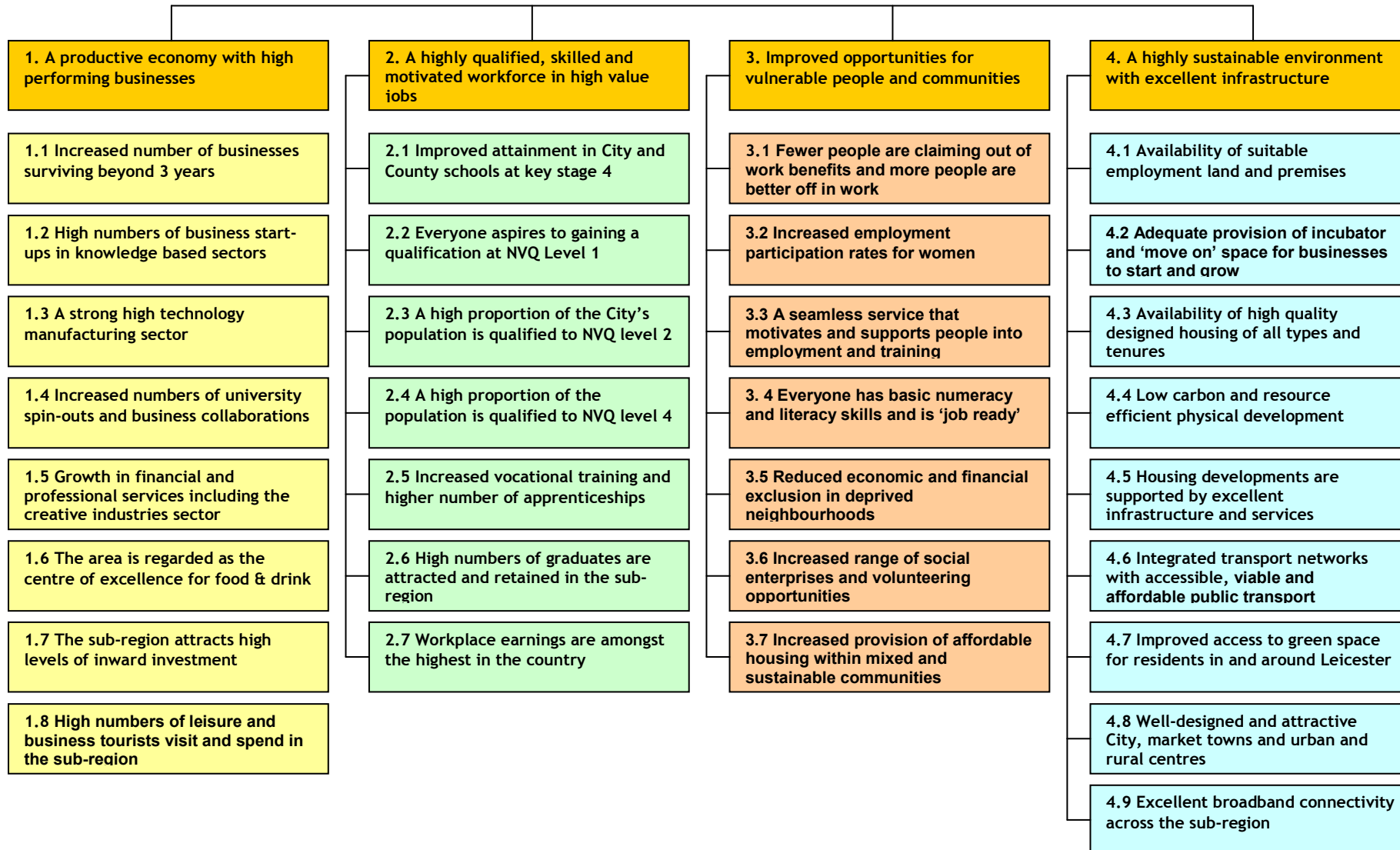
Our sub-region is at the heart of the motorway network with particularly good north/south road links. East Midlands Airport is the second largest freight airport in the UK and rail accessibility is excellent with East Midlands Trains offering a regular high-speed service to London St Pancras and Sheffield. Brussels and Paris are accessible within 4 hours.

There is a shortage of available high quality employment land and premises in Leicester City and parts of the County to meet existing and future demand from indigenous businesses and inward investors. This is important in the context of driving economic growth. There will also be significant housing growth in the sub-region over the next twenty years including more housing in the City and the Sustainable Urban Extensions (SUEs) adjoining Leicester and the main towns in the County.

A relatively high proportion of people travel to work by car which leads to traffic congestion at peak times around Junction 21 of the M1 and on major routes into Leicester and Loughborough. The sub-region needs better alternatives to single-occupancy private cars to connect communities with employment opportunities and leisure activities.

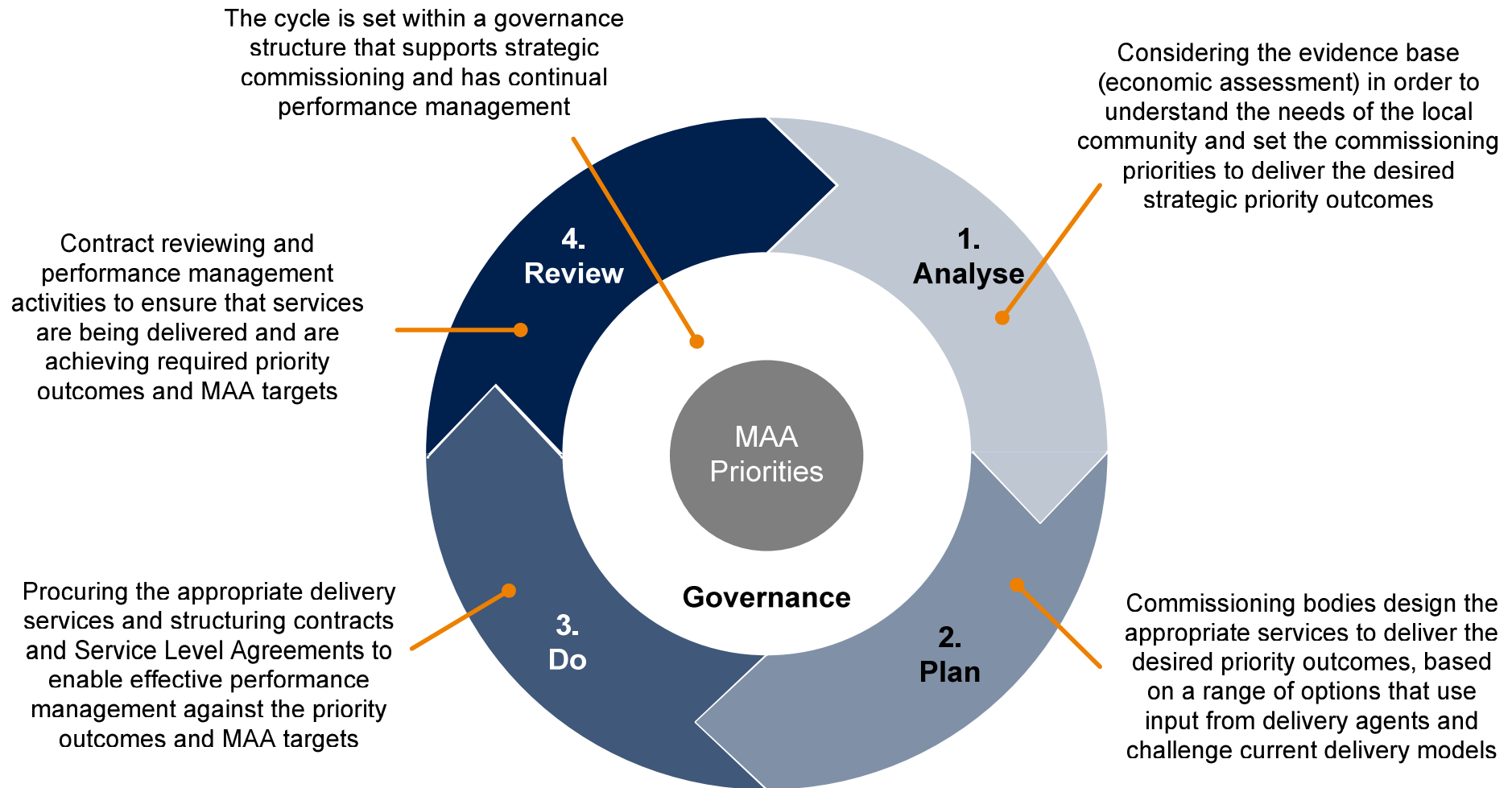
OUR PERFORMANCE FRAMEWORK

The Partnership’s performance framework identifies the sub-outcomes we will deliver to achieve each of our strategic priority outcomes. These sub-outcomes are based on the evidence in the Leicester and Leicestershire Economic Assessment which outlines the strengths that we need to build upon and the weaknesses that we need to address.



OUR STRATEGIC COMMISSIONING APPROACH

Strategic commissioning is the process through which we will ensure that the right services are put in place to deliver our strategy. Our partnership is committed to developing and working within a strategic commissioning approach to develop and deliver services that will achieve our priority outcomes. This approach requires all partners to consider the ways in which we spend public money, and the impact this has on our common set of priority outcomes. The diagram below illustrates the four stages to our Partnership’s strategic commissioning cycle; Analyse, Plan, Do and Review.



OUR STRATEGIC COMMISSIONING PLANS

Our strategy provides a collective approach, bringing together Government and local partners, to tackle some of the major economic and social challenges facing the sub-region. It will support the delivery of long-term strategic economic change and transformation in the sub-region underpinned by closer joint working between partners.

The partnership will deliver a broad programme of strategic investment relating to business and enterprise, employment and skills and infrastructure therefore our strategy is supported by three-year strategic commissioning plans for each of the priority outcomes in the partnership's performance framework.

The commissioning plans allow us to prioritise our investment and ensure we have a mechanism that will make decisions about where and how funding is allocated most effectively and efficiently. Each plan identifies the lead delivery agency, other delivery partners, the activities that will be commissioned and delivered, the funding and resources that will be invested and the performance targets that need to be achieved over the three-year plan period.

OUR PARTNERS

A range of agencies are operating across different geographies and delivering various strands of economic development and regeneration related activity in the sub-region. In April 2009, the City, County and District Councils, established an economic development company (EDC), Prospect Leicestershire, to lead economic development delivery in the sub-region.

Alongside Prospect Leicestershire, a range of other national, regional, sub-regional and local agencies will be responsible for delivering aspects of this economic strategy including the City, County and District Councils, East Midlands Development Agency (emda), the Homes & Communities Agency (HCA), Job Centre Plus, Skills Funding Agency (SFA), National Apprenticeship Service (NAS), Connexions, Universities and other public and private sector partners.

“The unique partnership between our local authorities and the private sector to drive the sub-regional economy gives us the best possible chance of success. It provides Prospect Leicestershire with an immensely strong foundation of support to help us meet the challenge of achieving the Partnership's vision of growth, prosperity and equality.”

Nick Carter, Executive Chairman, Prospect Leicestershire

OUR RESOURCES

The level of resources committed by local authorities and national and regional agencies to delivering economic development and regeneration in Leicester and Leicestershire is substantial. Although the majority of mainstream funding is governed through existing organisational structures, we will ensure that the funding is aligned to deliver the priority outcomes outlined in this strategy. The key public funding and resources include:

- City, County and District local authorities funding for economic regeneration, transport, housing, primary and secondary education and 14-19 education
- Mainstream funding of national and regional partner agencies including Central Government Departments, East Midlands Development Agency (emda), Homes and Communities Agency (HCA), Job Centre Plus, Skills Funding Agency (SFA), Higher Education Funding Council for England (HEFCE)
- Discretionary funding including Sub-Regional Investment Plan (SRIP) allocation from emda, New Growth Point (NGP) Programme funding, Homes and Communities Agency (HCA) funding, European Social Fund (ESF), European Regional Development Fund (ERDF), other European funding and Working Neighbourhoods Fund (WNF).

Our Factors of Production

Leicester & Leicestershire has significant physical and human resources to increase productivity and enable economic growth.

Land - we have all of the natural physical resources including sufficient land for employment and housing growth.

Labour - we have access to a large, diverse and skilled workforce because of our location, travel to work catchment and further and higher education provision.

Capital - we have access to considerable public and private capital, including buildings and technology because of our local authority assets and our innovative universities and businesses.

Infrastructure - we have excellent infrastructure including road and rail networks, public transport provision, airport and telecommunications.

Entrepreneurship - we have enterprising and innovative people and this is demonstrated by the high numbers of business start-ups, particularly in knowledge based and high technology sectors.

OUR CURRENT COMMITMENTS

Our Partnership has already secured resources and is committed to delivering the following high profile projects and programmes over the next few years:

- **New Business Quarter (NBQ) - Phase 2**
- **Leicester Science Park and innovation workspace**
- **Loughborough Science Park**
- **Sustainable Urban Extensions (SUEs)**
- **Workspace Projects - Greenfields, Atkins, Harborough Innovation Centre**
- **Housing growth projects - BUSM, Loughborough Eastern Gateway**
- **City Centre Action Plan and Town Centre Masterplans**
- **Park and Ride Scheme at Birstall**
- **Inspire Leicestershire - rural economy support programme**
- **Future Jobs Fund (FJF) Programme**
- **Fit for Work Service (FFWS) Pilot Project**
- **Multi Access Centres (MAC) Programme**