



## **CABINET – 1<sup>ST</sup> APRIL 2014**

### **REPORT OF THE CHIEF EXECUTIVE**

#### **LEICESTER AND LEICESTERSHIRE CITY DEAL**

##### **Purpose of Report**

1. To provide the Cabinet with an update on the arrangements for the signing of the Leicester and Leicestershire City Deal (the City Deal) and, depending on the content of the Deal, to recommend confirmation of a funding contribution towards the expansion of Loughborough University Science and Enterprise Parks (LUSEP).
2. At the time of writing the City Deal has not been formally signed. It is expected that this will take place in the week commencing 24 March 2014. Subject to this taking place a supplementary report regarding the final contents of the City Deal and a funding contribution to LUSEP will be circulated separately.

##### **Recommendations**

3. That the Cabinet notes the latest position regarding the Leicester and Leicestershire City Deal.

##### **Reasons for Recommendations**

4. To ensure that the Cabinet is aware of the latest position.

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

4. It is anticipated that the City Deal will be signed in the week commencing 24 March 2014.

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

5. The Leicestershire Together Outcomes Framework, agreed by the Leicestershire Together Strategic Commissioning Board on 19 March 2012, identifies economic growth as one of four key priorities.
6. The County Council's Economic Growth Priorities were agreed by the Cabinet on 13 November 2012 and it was resolved that reserves of £3.2m be utilised to support their implementation. The Economic Growth Priorities cover five main areas of activity:
  1. Worklessness

2. Employment Land and Buildings
  3. Distribution and Logistics
  4. Capital Availability
  5. Enterprise Growth.
7. On 6 February 2013 the Cabinet approved the principle of investing up to £1.5m through a mix of equity investment, grants and loans as appropriate in the next phase of the expansion of the Loughborough University Science and Enterprise Park; and authorised the Chief Executive, following consultation with the Leader and Cabinet Lead Member, to enter into detailed discussion and negotiation with Loughborough University and Charnwood Borough Council regarding the terms and nature of the County Council investment.
  8. On 27 March 2013 the Scrutiny Commission was briefed on the development of a City Deal.
  9. On 15 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 to the Government.
  10. On 4 February 2014 the Cabinet approved the draft Medium Term Financial Strategy including a Capital Programme, within which £1.5m is allocated to support development of Loughborough University Science and Enterprise Park.
  11. On 26 February 2014 the Scrutiny Commission was updated on the development of the City Deal as part of a wider update on economic development.
  12. On 5 March 2014 the Cabinet noted the progress made in agreeing a City Deal and delegated final approval to the Chief Executive following consultation with the Leader of the County Council.

### **Resource Implications**

13. The City Deal will provide funding to support implementation of Leicester and Leicestershire Enterprise Partnership (LLEP) and County Council priorities. The City Deal proposals submitted by the LLEP and its partners include proposals for the expansion of LUSEP, with the proposed City Deal funding contribution being part of a wider funding package including a contribution from the County Council. Should the LUSEP scheme form part of the City Deal signed in the week commencing 24 March 2014 a supplementary report will be prepared for the Cabinet's consideration providing a further update and seeking approval for the County Council's funding contribution. Provision has been made in the County Council's Capital Programme for £1.5m to be utilised to support expansion of LUSEP.
14. The Director of Corporate Resources has been consulted in the preparation of this report.

**Circulation under the 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**

15. In December 2011, the Government published 'Unlocking Growth in Cities' setting out its plans to free cities (and their hinterlands) from the control of Whitehall through a series of City Deals by giving them the powers they need to attract private sector investment, create new jobs, and rebalance the economy. In return, cities would need to guarantee that they will provide strong and accountable leadership, improve efficiency and outcomes, and be innovative in their approach. A first wave of City Deals has been agreed with England's eight largest cities outside of London: Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield, and Leicester and Leicestershire was subsequently invited to participate in a second wave of Deals.
16. The City Deal forms part of a wider suite of economic plans and initiatives in preparation including the Strategic Economic Plan and EU Structural and Investment Funds Strategy. Taken together these plans could secure up to £400m of Government funding to invest in the local economy up to 2020. The City Deal is a relatively small, albeit still important, component of this wider funding picture.
17. The preparation and negotiation of the Deal has taken place through 2013 and into 2014, co-ordinated by the LLEP and with the active participation of the County Council. The Leader of the Council and the Cabinet Lead Member for Economic Development, Mr. Pain CC, both represent the County Council on the LLEP's Board and participated in 'pitching sessions' to Ministers as part of the negotiation process. It is anticipated that the City Deal will be formally signed at a ceremony in the week commencing 24 March 2014.

### **The Leicester and Leicestershire City Deal**

18. The City Deal proposals prepared by the LLEP and local partners, and which have been subject to negotiation with Government, include proposals for:
  - 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;
  - 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 LUSEP (providing 8 hectares of new employment land) and unlock a new Advanced Technology Innovation Centre.

Subject to the formal agreement of the City Deal its content will be summarised in the supplementary report, to be circulated separately.

### **Loughborough University Science and Enterprise Parks**

19. The potential expansion of LUSEP provides a major transformational opportunity for the Leicestershire (and wider) economy which over the longer term could create up to 4000 jobs and lever up to £200m of private investment. This is reflected in the identification of LUSEP expansion as a 'transformational priority' in the Leicester and Leicestershire Strategic Economic Plan to be submitted to Government before the end of March 2014.
20. An initial opportunity to start the expansion process exists through the bringing forward of 8 hectares of employment land and the provision of an Advanced Technology Innovation Centre which will create 750 new jobs by 2020. A bid for £2m of funding has been made through the City Deal which will form part of a wider funding package, including proposed contributions from the County Council and Charnwood Borough Council.
21. Should the LUSEP scheme form part of the final City Deal document a supplementary report will be circulated, setting out in more detail the funding package, expected outputs and outcomes, and project management and implementation arrangements. It will also seek, as necessary, confirmation for a County Council financial contribution.

### **Background Papers**

Leicestershire Together Performance Framework 2012

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

Report to the Cabinet - 13 November 2012 'Economic Growth Priorities'

[http://politics.leics.gov.uk/Published/C00000135/M00003396/AI00032933/\\$CEconomicGrowthPriorities.doc.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003396/AI00032933/$CEconomicGrowthPriorities.doc.pdf)

Report to the Cabinet on 6 February 2013 'Loughborough University Science and Enterprise Park'

[http://politics.leics.gov.uk/Published/C00000135/M00003629/AI00033707/\\$CLoughboroughUniversityScienceandEnterprisePark.doc.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003629/AI00033707/$CLoughboroughUniversityScienceandEnterprisePark.doc.pdf)

Report to the Cabinet on 15 October 2013 'Leicester and Leicestershire City Deal'

[http://politics.leics.gov.uk/Published/C00000135/M00003635/AI00035917/\\$LeicesterandLeicestershireCityDeal.docA.ps.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003635/AI00035917/$LeicesterandLeicestershireCityDeal.docA.ps.pdf)

Report to the Cabinet on 5 March 2014 'Strategic Economic Plan and City Deal'

[http://politics.leics.gov.uk/Published/C00000135/M00003988/AI00037209/\\$10strategicceplanandcitydeal.docxA.ps.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003988/AI00037209/$10strategicceplanandcitydeal.docxA.ps.pdf)

Report to the County Council on 19 February 2014 'Medium Term Financial Strategy 2014/15 to 2017/18'

[http://politics.leics.gov.uk/Published/C00000134/M00003961/AI00037151/\\$5aBudgetReportoftheCabinet.docx.pdf](http://politics.leics.gov.uk/Published/C00000134/M00003961/AI00037151/$5aBudgetReportoftheCabinet.docx.pdf)

HM Government 'Unlocking Growth in Cities'

<https://www.gov.uk/government/publications/unlocking-growth-in-cities--5>

### **Equal Opportunities Implications**

The City Deal seeks 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.

**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.