

Leicester  
Leicestershire

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# Strategic Economic Plan

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2014 to 2020

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Submission to Government March 2014

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Leicester and  
Leicestershire

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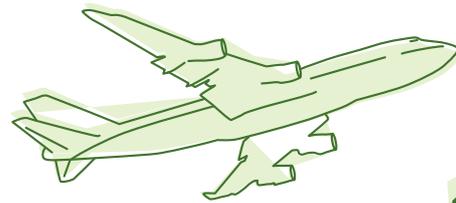
# Strategic Economic Plan

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2014 to 2020

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EXECUTIVE SUMMARY



# Our ambition

Leicester and Leicestershire is an area primed for economic success. By building on our competitive advantages and strength of collaboration we will;

“ Create a vibrant, attractive and distinctive place with highly skilled people making Leicester and Leicestershire the destination of choice for successful businesses ”



By 2020 we will create 45,000 new jobs, lever £2.5bn of private investment and increase GVA by £4bn from £19bn to £23bn.

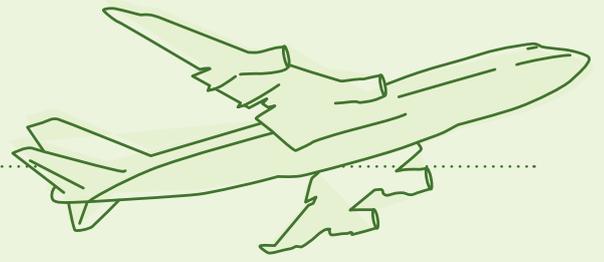
This Strategic Economic Plan (SEP) provides the framework for achieving our vision by investing in our **Place**, our **Businesses** and in our **People**.

We have committed to delivering flagship programmes for each theme. Our City Deal will deliver our flagship programmes for Businesses (**Leicester & Leicestershire Business Growth Hub**) and People (**Leicester & Leicestershire Employment and Skills Hub**).

The Growth Deal will provide the resources to deliver our Place flagship programme – **Infrastructure to support our Growth Areas and Transformational Priorities**.



# Our Economy



## Key Features

The Leicester and Leicestershire economy is the largest in the East Midlands. Worth £19.4bn a year, it is **central to the prosperity of the Midlands**, providing 435,000 jobs and

hosting 33,000 trading businesses many of which are in the manufacturing and logistics sectors.

## Competitive Advantages

We have some unrivalled economic assets including; a truly **vibrant city** with a strong industrial and cultural heritage; **three world class universities** delivering cutting edge innovation; a **central location** with the largest

distribution park in Europe and the UK's second largest freight airport; and a **strong and growing manufacturing sector** that still forms the backbone of our economy.

# Our successes

We have a strong track record and are well placed to deliver at pace and provide value for money. We have achieved significant success in our area including:

- the most advanced **Enterprise Zone** in the country, which has attracted the likes of Ashok Leyland and Bosch and created over 250 jobs
- investing our Growing Places Fund to unlock the development of **thousands of new homes and employment land** and secure the relocation of **Formula E (electric motorcar racing)** to new international headquarters at Donington Park in Leicestershire
- the **City Mayor's Economic Action Plan** which is investing over £60m in a range of regeneration, business support and skills programmes to transform Leicester's economy
- through **City Deal** creating our flagship Business Growth Hub and Leicester & Leicestershire to Work Programme

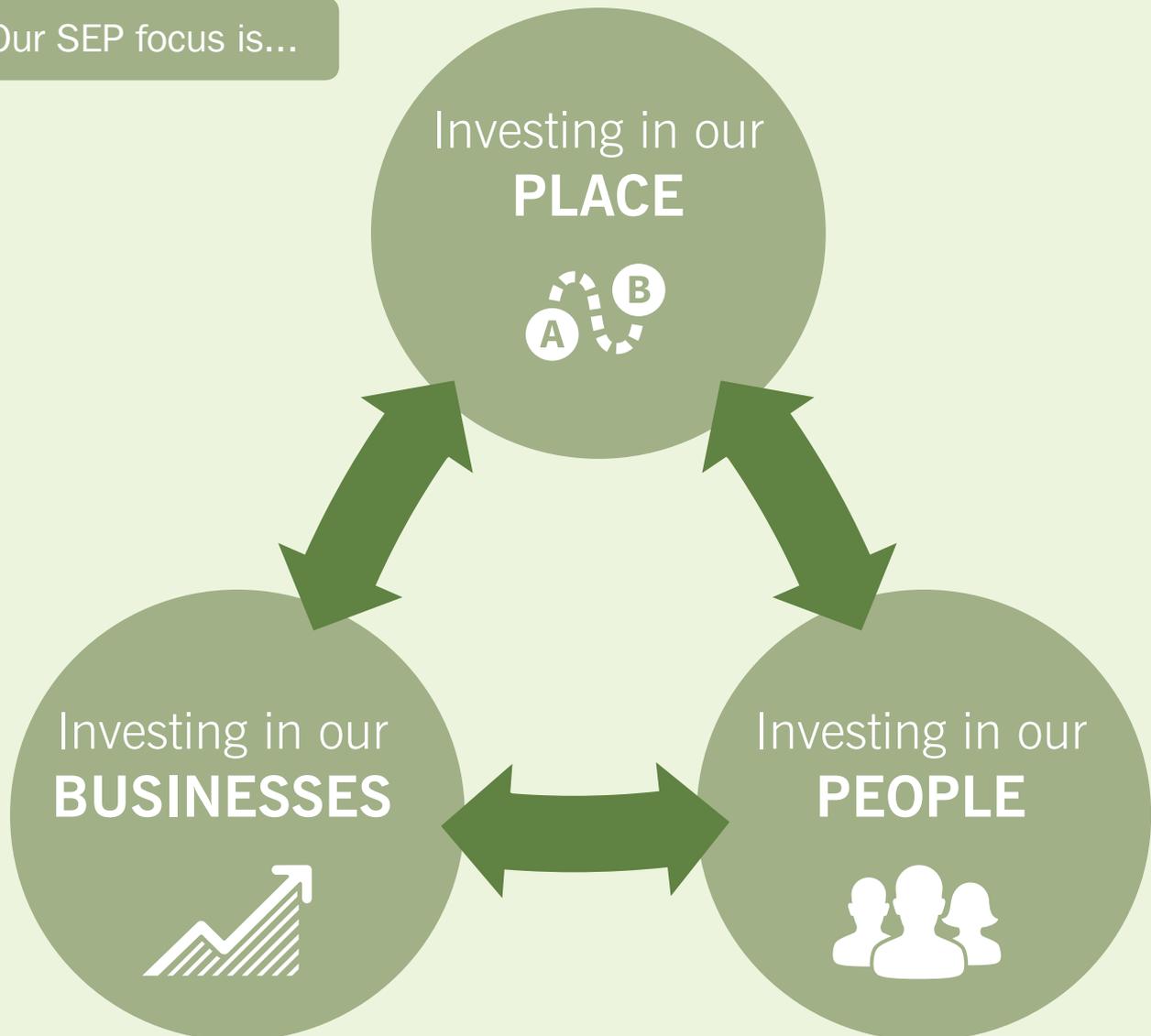


# Our SEP

The Leicester and Leicestershire SEP sets out how we intend to bring together our European Structural and Investment Fund (ESIF) Strategy, City Deal and Growth Deal to build on our competitive advantages and tackle the major risks to our economy.....

- lack of suitable employment land for our most land intensive priority sectors (logistics and manufacturing)
- poor quality public realm and derelict sites requiring land assembly and infrastructure
- inadequate transport infrastructure causing congestion and resulting in increased business costs
- 70% SMEs have growth plans but need support
- lack of skills in key sectors and insufficient young people choosing STEM careers

Our SEP focus is...

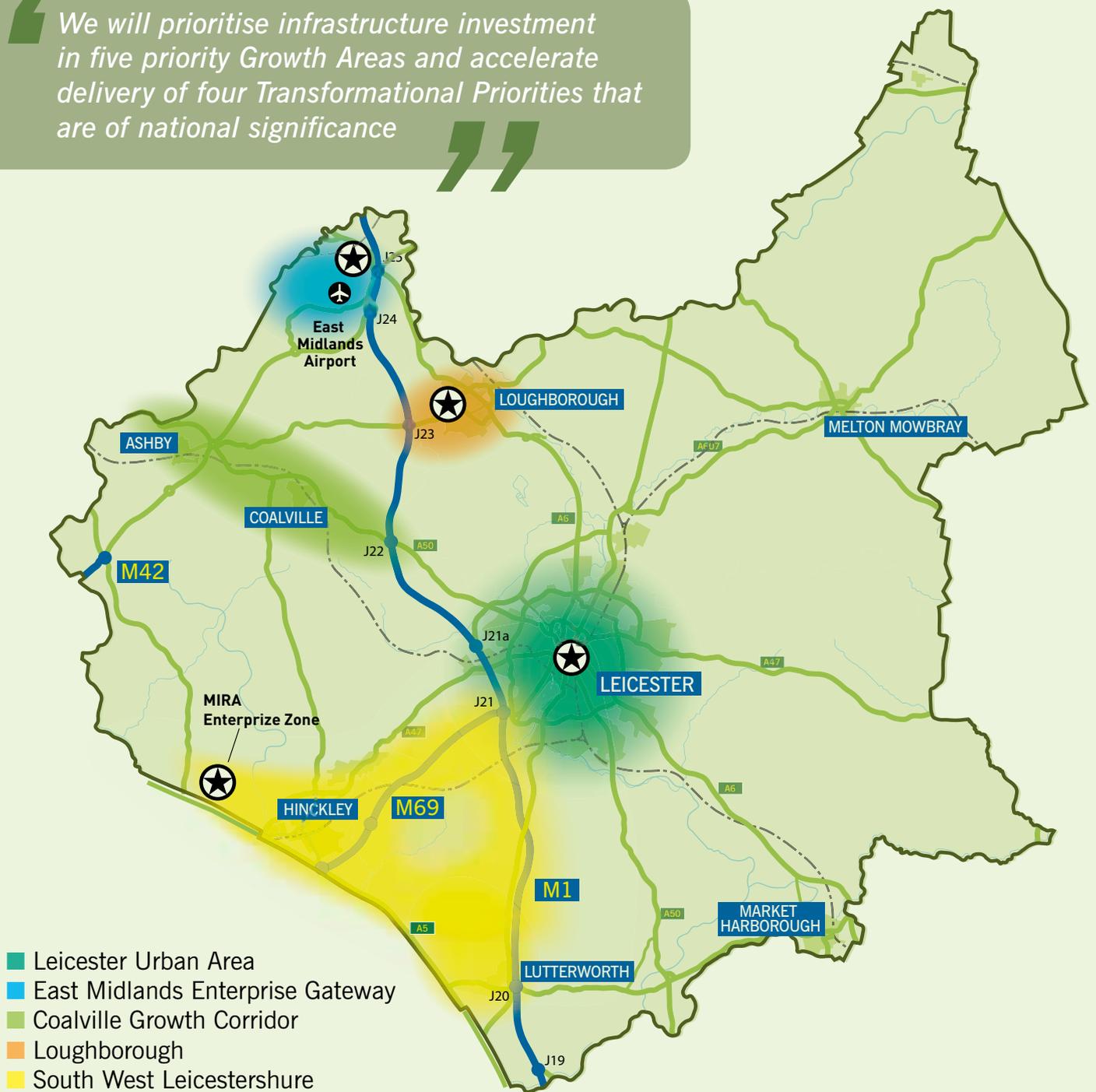


# Investing in our Place

Investing in our Place to unlock key development sites and improve public realm and connectivity to enable the efficient transport of people and goods

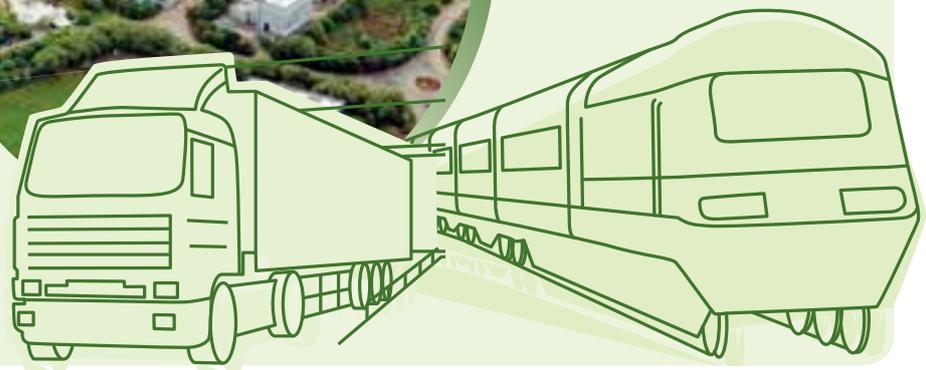
## Flagship Proposal – Growth Areas & Transformational Priorities

*“ We will prioritise infrastructure investment in five priority Growth Areas and accelerate delivery of four Transformational Priorities that are of national significance ”*



Our Transformational Priorities will provide Leicester & Leicestershire and the UK with a **global competitive advantage** whilst creating over 19,000 of our 45,000 planned new jobs by 2020.

-  **Leicester Launchpad** - provides a major development and growth opportunity for Leicester focussed on the Waterside and Abbey Meadows regeneration areas and the city centre. This 'Strategic Regeneration Area' provides the potential 'Launchpad' to deliver substantial housing, commercial and leisure/cultural developments on a cluster of development sites to create 6,000 jobs.
-  **East Midlands Gateway Strategic Rail Freight Interchange** - a unique 250 acre distribution and logistics development alongside East Midlands Airport and the M1 with a rail terminal providing up to 6 million sq. ft. of large scale warehousing to establish the UK's largest multi modal hub creating over 7,000 new jobs
-  **Loughborough University Science & Enterprise Parks (LUSEP)** - an exceptional opportunity to develop an internationally significant centre for knowledge based employment. The Park is already one of the largest developments of its kind and will provide as many as 4,000 additional jobs and lever private investment of up to £200m.
-  **MIRA Technology Park Enterprise Zone** - MIRA Technology Park is the LLEP's Enterprise Zone and will provide 1.75 million sq. ft. high quality R&D space on an 80 hectare estate, making it the largest transport sector R&D technology park in Europe. It will create over 2,000 direct high value jobs and over 3,000 indirect jobs.



# Investing in our Businesses

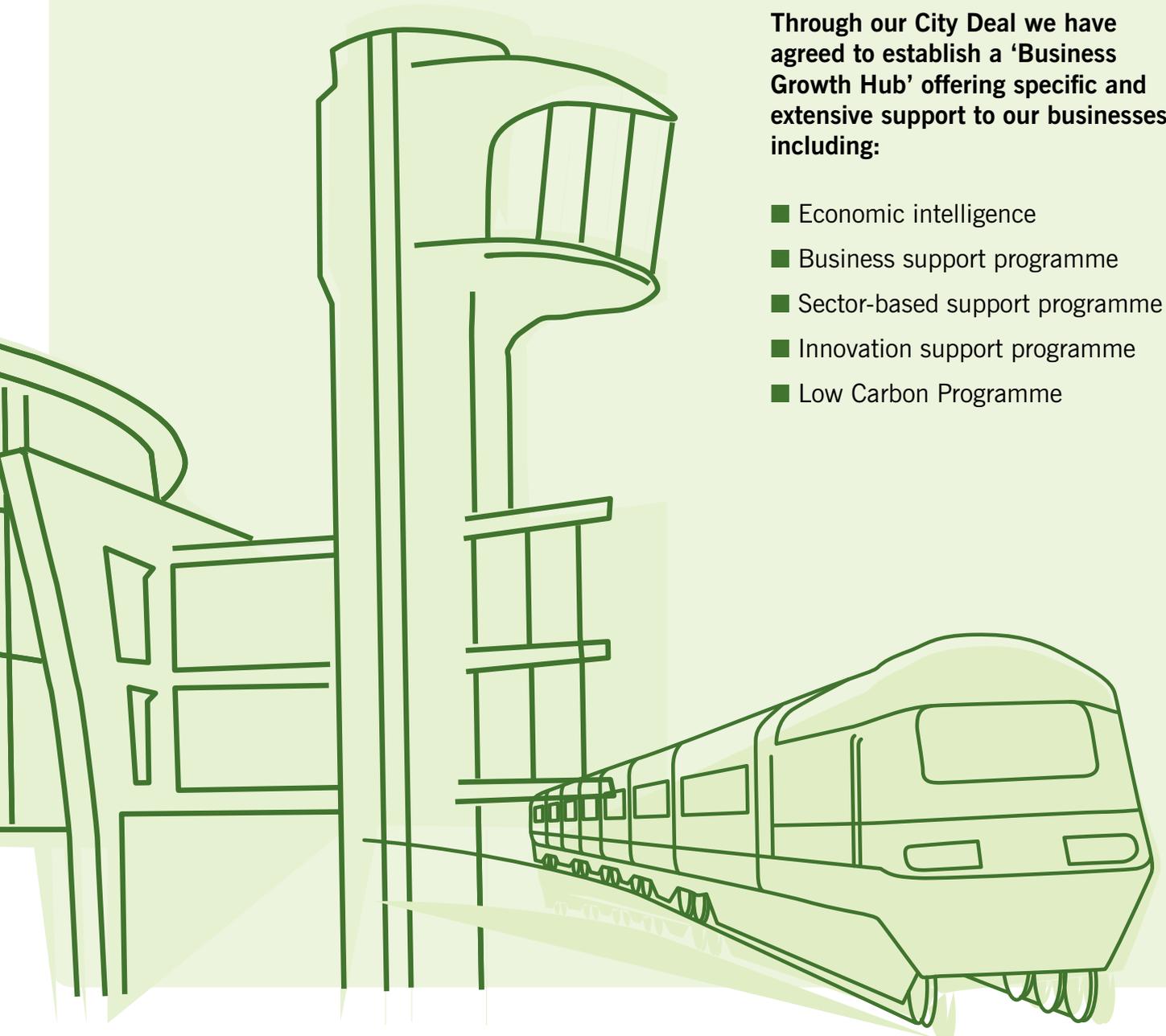
Investing in our Businesses by providing a comprehensive business support service for our SMEs to accelerate growth of our priority sectors

## Flagship Proposal – Business Growth Hub

*“ We will develop a ‘business growth hub’ to give comprehensive help and support to our local businesses ”*

Through our City Deal we have agreed to establish a ‘Business Growth Hub’ offering specific and extensive support to our businesses including:

- Economic intelligence
- Business support programme
- Sector-based support programme
- Innovation support programme
- Low Carbon Programme



# Investing in Our People

Investing in our People to equip local people with the relevant skills that our businesses need

## Flagship Proposal – Leicester & Leicestershire Employment and Skills Hub

*“ We will deliver a seamless service to support young people to acquire the right skills and help them into work ”*



Through our City Deal and ESIF we have agreed to establish the Leicester and Leicestershire Employment and Skills Hub offering seamless and intensive support for local people to help them into training and employment including:

- The Skills Metro
- Enhanced information advice and guidance
- Capital investment to improve skills infrastructure
- The Leicester and Leicestershire to Work Gateway
- Growth area and priority sector skill plans

# Our Growth Deal



*The Growth Deal will provide the resources to deliver key infrastructure alongside our flagship Business Growth Hub and Employment & Skills Hub*



We have undertaken an extensive engagement and consultation process to agree and prioritise projects for inclusion in our SEP. The robust evaluation criteria used to shortlist projects tested them for their **strategic fit, ambition and rationale, value for money and deliverability**.

Our Local Growth Fund Programme consists of **34 priority projects and programmes** that have undergone a rigorous evaluation and prioritisation process. We have further prioritised these projects and programmes using the following rationale:

<b>Priority 1</b>	Projects and programmes located in a Growth Area that significantly contribute to the delivery of a transformational priority
<b>Priority 2</b>	Projects and programmes located in a Growth Area that deliver wider economic benefits

Our total LGF ask for the 34 projects and programmes from 2015-2020 is **£240.71m**. Our LGF ask as part of our Growth Deal in 2015/16 is **£81.27m** matched by **£114.55m** of local partner resources.

## The 34 projects and programmes in our Growth Deal will:

- create 13,300 jobs
- release 70.6 ha of development
- 14,000 new homes
- develop 134,000 sq. m. commercial workspace
- Support 10,700 businesses
- Create 4,450 training opportunities

PROJECT / PROGRAMME	2015/16 £m	Total £m
Leicester North West Major Transport Investment Corridor – A50 / A6	3.50	16.10
Leicester Waterside Regeneration Area Programme	2.50	20.00
Leicester City Development Investment Fund	2.00	10.00
Leicester Strategic Flood Risk Management and Access Programme	1.50	7.50
Connecting Leicester City Wave 2 Access and Public Realm Improvements	2.25	11.25
North City Centre Access Investment Programme	1.42	13.80
Welford Road Transport Investment Corridor	3.00	3.00
Leicester College – Skills & Innovation Village	0.64	2.18
M1-J22 / A42-J13	2.54	4.64
Hugglescote Crossroads		1.90
National Skills Training Centre (MTP Enterprise Zone)	9.50	9.50
Leicestershire Local Sustainable Transport Fund Round 2 – Hinckley	1.54	3.64
M1/J21 & Lubbethorpe SES Access	3.25	3.25
Leicester & Leicestershire Accelerated Broadband	1.05	3.10
Leicester PUA Pinch Points Integrated Transport Programme	2.00	10.00
Midland Mainline Improvement	3.00	3.00
South Wigston Innovation Centre	1.37	1.37
Leicester & Leicestershire Workspace Programme	4.00	19.90
Growing Places Fund Programme (GPF)	10.50	12.50
Saffron Lane / Uppingham Road Transport Investment Corridor	0.05	6.00
Ashton Green Urban Extension Infrastructure Programme	1.35	5.00
Leicester City Business Gateway Investment Programme Wave 2	0.05	0.60
Great Central Railway Museum Leicester North		1.00
Great Central Railway 'Bridging the Gap'	0.50	1.00
Loughborough Flood Risk Management Scheme		1.00
Loughborough College – A Block Refurbishment	4.00	4.00
Loughborough College – B Block Refurbishment	1.00	7.40
Desford Crossroads	0.45	3.10
Leicester & Leicestershire Affordable Housing Programme	1.00	5.00
Melton Cattle Market & Food Enterprise Centre	3.00	5.75
Town Centre Regeneration Programme	0.65	4.65
Canals & Rivers Investment Programme	1.46	4.08
Twycross Life Sciences Park-European Centre of Excellence	6.70	8.00
SME Capital Grants Programme	5.50	27.50
<b>TOTAL</b>	<b>81.27</b>	<b>240.71</b>

# FOREWORD

We are delighted to present to Government our Strategic Economic Plan (SEP) for Leicester and Leicestershire.

This is an exciting time for LLEP partners and Government to build on our City Deal. A Growth Deal will accelerate investment in the local economy to deliver 45,000 new jobs, grow the economy to £23 billion and attract over £2.5 billion of private investment by 2020.

Leicester and Leicestershire is at the heart of England and is already a destination of choice for successful businesses from across the globe. This area has witnessed major transformation over recent years which we believe has enhanced our reputation and competitive advantages at the national and global level.

We have some unrivalled economic assets including; a truly vibrant city with a strong industrial and cultural heritage; three world class universities delivering cutting edge innovation; a central location with the largest distribution park in Europe and the UK's second largest freight airport; and a strong and growing manufacturing sector that still forms the backbone of our economy.

Our SEP vision is based around making the most of the area's strongest assets in terms of **Place** (environment, infrastructure and quality of life), **People** (skills and entrepreneurial spirit) and **Business** (key sectors and innovation strengths). These three key gears of the economy must function effectively together.

We will build on these assets by focussing on four **Transformational Priorities** of national significance; repositioning Leicester as a core city and an economic powerhouse in the UK; delivering the world's largest Transport R&D facility at our Enterprise Zone; creating the largest science park in the UK at Loughborough; and developing the largest strategic rail freight interchange in the country adjacent to East Midlands Airport.

Over a short period of time LLEP partners have achieved significant success in boosting our economy including the most advanced Enterprise Zone in the country, which has already attracted the likes of Ashok Leyland and Bosch and created over 250 jobs. We have also wisely invested our Growing Places Fund which is kick starting the development of thousands of new homes and employment land, invested in key transport infrastructure and has secured the new international headquarters of Formula E (electric car racing) at Donington Park in Leicestershire. Leicester is experiencing a major transformation and new development through the City Mayor's Economic Action Plan.

We have a strong track record of delivery and are convinced we can go further and faster with our SEP and Growth Deal proposals. Our SEP has the full support and commitment of our public, private and voluntary sector partners and we have built a strong spirit of partnership and sense of common purpose. We know that Government shares our commitment and ambition and look forward to agreeing a Growth Deal which will help turn our vision into reality.

Andrew Bacon LLEP Chair

Sir Peter Soulsby, Leicester City Mayor

Nicholas Rushton, Leader of Leicestershire County Council

on behalf of the Leicester & Leicestershire Economic Growth Board



# Introduction

# 1. INTRODUCTION

## Economic Vision

- 1.1 Leicester and Leicestershire is an area primed for economic success building on our competitive advantages and strength of collaboration. Our Strategic Economic Plan (SEP) provides the framework for achieving our vision.

***‘To create a vibrant, attractive and distinctive place with highly skilled people making Leicester and Leicestershire the destination of choice for successful businesses’***

By 2020 we will:

- **Create at least 45,000 additional jobs<sup>1</sup>**
- **Attract over £2.5b private sector investment**
- **Increase Gross Value Added (GVA) by £4b to £23b**

## Economic Assets and Investment Priorities

- 1.2 We will prioritise investment in our economic assets to increase our national and global competitive advantages:

- A vibrant City Centre
- Well-connected central location
- A strong and growing manufacturing sector
- Largest logistics park in Europe
- Second largest Science Park in the country
- UK’s second largest air freight hub
- Three excellent universities and a strong FE Sector
- MIRA Technology Park Enterprise Zone is set to become a global centre for Transport R&D
- 22 million consumers within a three-hour drive
- Planned investment in rail infrastructure - Leicester will be one hour’s train journey from London

- 1.3 ***Intervention Logic:*** Our SEP (including City Deal and the ESIF<sup>2</sup> strategy) will address the risks constraining economic growth and will build on our strengths and assets. We have robust evidence which demonstrates:

- **20,000** less jobs in our economy since 2008
- **70% SMEs** have growth plans but need support
- demand for **210,800 sq. m. offices, 167 ha of industrial land and 130 ha warehousing land** to support our land intensive priority logistics and manufacturing sectors
- Poor quality public realm and derelict sites requiring land assembly and infrastructure
- **Congestion** is causing increases in business costs and is constraining growth
- Employers are reporting **lack of skilled workers** in key sectors

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<sup>1</sup> Additional to the projected Office for Budget Responsibility (OBR) forecasts

<sup>2</sup> European Structural and Investment Funds Strategy

- Insufficient **young people** choosing **STEM<sup>3</sup> careers** which is critical for our growth sectors

1.4 We will build on our strengths and assets and mitigate the risks to our economy through our SEP by:

***Investing in our Place*** - To unlock key development sites and improve connectivity to enable the efficient transport of people and goods

***Investing in our Businesses*** - To provide intensive support for SMEs and to accelerate growth of our priority sectors

***Investing in our People*** - To ensure that local people are equipped with the relevant skills that businesses need

In doing so we will;

<b>PLACE</b>	<ul style="list-style-type: none"> <li>• Unlock key housing and employment sites across Leicester and Leicestershire</li> <li>• Develop the Leicester Launchpad as a major Transformational Priority creating a thriving, dynamic leading UK city for work, living and cultural activity</li> <li>• Enhance Leicestershire’s role as a major economic centre, with an innovative and vibrant city at its core</li> <li>• Unleash the innovative potential of our three Universities and deliver the Loughborough University Science and Enterprise Parks extension</li> <li>• Develop high quality transport infrastructure to unlock development opportunities and reduce congestion</li> </ul>
<b>BUSINESS</b>	<ul style="list-style-type: none"> <li>• Increase our GVA from £19b to £23b by 2020</li> <li>• Generate a minimum leverage of over £2.5bn of private sector investment by 2020</li> <li>• Deliver the MIRA Technology Park Enterprise Zone creating a world class Transport R&amp;D centre for the UK</li> <li>• Develop the UK’s largest Strategic Rail Freight Interchange alongside East Midlands Airport creating over 7,000 new jobs</li> <li>• Support 15,000 SMEs to accelerate growth</li> <li>• Stimulate and support over 1,000 business start ups</li> </ul>
<b>PEOPLE</b>	<ul style="list-style-type: none"> <li>• Create an additional 45,000 private sector jobs in addition to OBR<sup>4</sup> forecast employment estimates</li> <li>• Reduce levels of unemployment by 50%</li> <li>• Develop a highly skilled workforce to meet current and future economic needs with a focus on STEM</li> <li>• Increase the proportion of the working age population qualified to NVQ4 in line with national levels</li> </ul>

<sup>3</sup> Science, Technology, Engineering & Mathematics

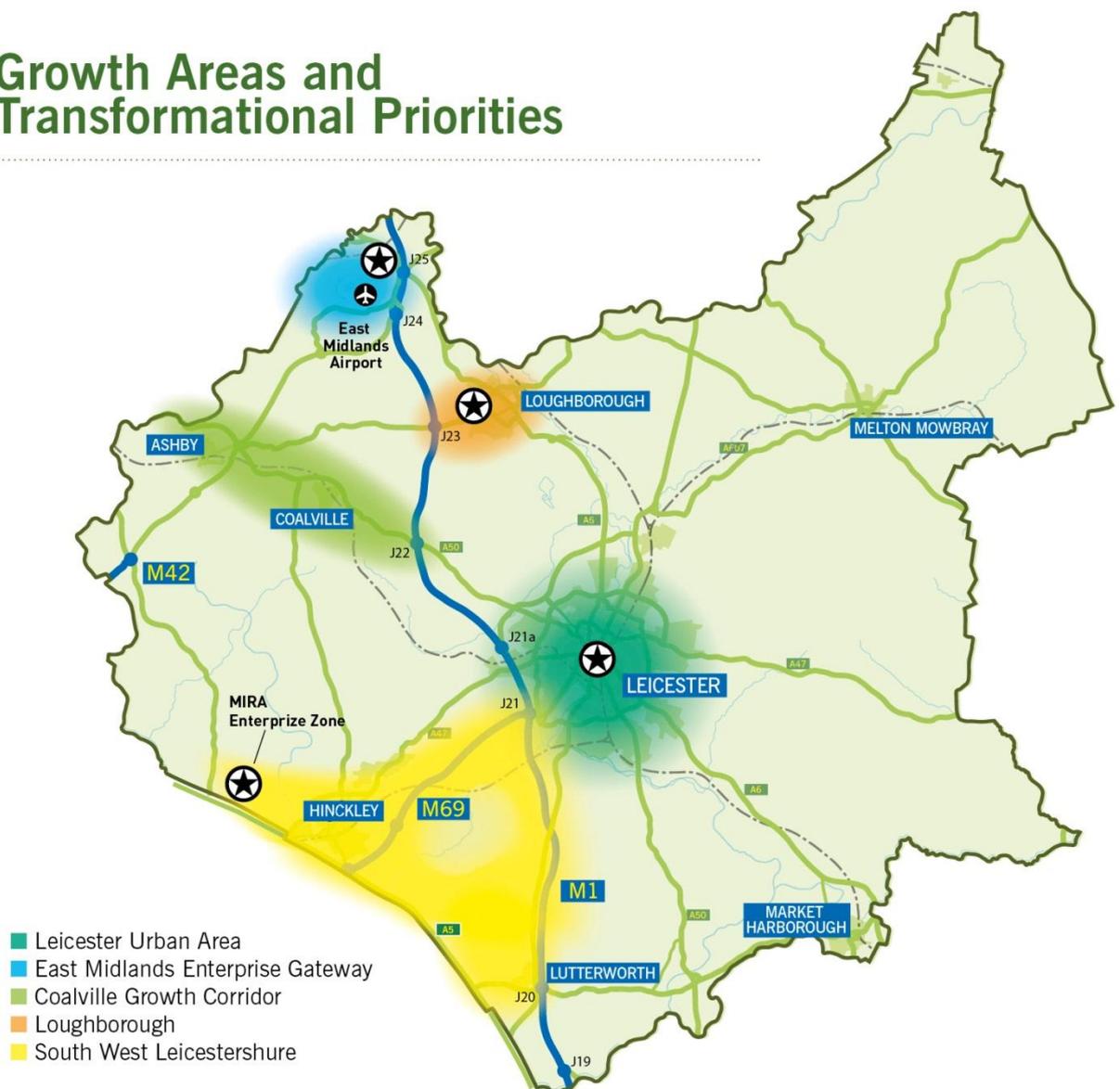
<sup>4</sup> Office for Budget Responsibility

## Growth Areas & Transformational Priorities

1.5 We have prioritised **five Growth Areas** in Leicester and Leicestershire which offer the **greatest opportunities** for economic growth.

- Leicester Urban Area
- East Midlands Enterprise Gateway
- Coalville Growth Corridor
- Loughborough
- South West Leicestershire

## Growth Areas and Transformational Priorities



1.6 We have prioritised **four Transformational Priorities** in our **five Growth Areas** that are of **national significance**. These developments will give the UK a competitive global advantage whilst creating over **19,000** of our **45,000** new jobs by 2020.

- 1.7 **Leicester Launchpad** (Leicester Strategic Regeneration Area) - The Leicester Launchpad has the potential to deliver significant housing and employment development on former industrial land in close proximity to the city centre. This will provide highly attractive development opportunities, particularly along the River Soar Waterside. Development has been prevented from coming forward at the rate expected in recent years owing to the need to assemble land and the cost of required infrastructure for access and servicing.
- 1.8 **East Midlands Gateway Strategic Rail Freight Interchange** - This is a unique 250 acre distribution and logistics development alongside East Midlands Airport with a rail terminal providing up to 6 million sq. ft. of large scale warehousing. Planning consent is being sought to establish the UK's largest multi modal hub which will create over 7,000 new jobs.
- 1.9 **Loughborough University Science & Enterprise Parks (LUSEP)** - LUSEP is an exceptional opportunity for the Leicestershire and UK economy to develop an internationally significant centre for knowledge based employment. The Park is already one of the largest developments of its kind, with 63,000m<sup>2</sup> of high quality space. Additional University land holdings provide the opportunity to increase this space by 200%, creating as many as 4,000 additional jobs on site and leveraging private investment of up to £200m.
- 1.10 **MIRA Technology Park (MTP) Enterprise Zone** - MIRA Technology Park is the LLEP's Enterprise Zone and will provide 1.75 million sq. ft. high quality R&D space on a 80 hectare estate, making it the largest transport sector R&D technology park in Europe. It will create over 2,000 direct high value jobs and over 3,000 indirect jobs. MTP is probably the most successful EZ in the country and has already created over 250 jobs and attracted significant foreign direct investment.
- 1.11 We are committed to prioritising investment in these Transformation Priorities through our Growth Deal, City Deal and ESIF Strategy. We will deliver a broad range of activities to accelerate their development by investing in infrastructure, employment, skills and business support programmes.

## **Delivery in 2015/16**

- 1.12 The LLEP has undertaken an extensive engagement and consultation process to agree and prioritise projects for inclusion in our SEP. The partnership's call for projects resulted in over 90 projects being submitted by local and national partners. The evaluation criteria used to shortlist projects to progress to the Business Case stage are summarised below.

### **Ambition and Rationale**

- Links to national policy and SEP priorities
- Demonstrates robust and credible evidence
- Demonstrates resourcing and project programming in place
- Demonstrates partnership working

### **Value for Money**

- Clear understanding of intervention needed
- % of SLGF required
- Costs robustly tested – Capital Project Management or market testing
- Outputs identified e.g. jobs/Gross Value Added (GVA)
- % private sector funding identified
- Wider additional linkages/benefits

### Delivery and Risk

- Project control-land/regulatory requirements in place
- Whether third party interests secure
- Risk and project management processes in place
- Project deliverable in 2015/16

1.13 This SEP forms the foundations for negotiating a Growth Deal with Government during 2014/15 to support projects to stimulate growth from 2015/16 onwards. It also provides the framework for aligning and pooling other important programmes such as City Deal, ESIF and local resources and assets.

1.14 Appendix A shows our LGF Programme which consists of **34 projects** that have undergone a rigorous evaluation and prioritisation process. We are confident that we will start delivery and development of these projects in 2015/16 in **support** of our **Growth Areas** and **Transformational Priorities**.

### Value for Money

1.15 Our SEP has been developed alongside our ESIF strategy and City Deal and the three key strategies are completely aligned. The SEP sets out our over-arching vision for the LLEP area over the time period 2014 to 2020. It identifies our key priorities and sets out our ‘asks’ from the Single Local Growth Fund (SLGF) and for additional freedoms and flexibilities.

1.16 Activities and interventions described in the SEP will be funded through a combination of SLGF, ESIF, City Deal and local resources. To support our SEP we wish to negotiate a Growth Deal of **£240.71m** for the period 2015-2020, with a first year 2015-16 ask of **£81.27m**

1.17 The headline outcomes within the **ESIF strategy** are:

<p><b>PLACE</b></p>	<ul style="list-style-type: none"> <li>• Support rural areas to contribute more to growth and develop balanced, inclusive and sustainable economies</li> <li>• Invest in a low carbon economy to increase productivity, economic resilience and to support innovation in companies</li> </ul>
<p><b>BUSINESS</b></p>	<ul style="list-style-type: none"> <li>• Stimulate innovation in the sectors that Leicester and Leicestershire already has a competitive advantage</li> <li>• Support over 6,000 businesses</li> <li>• Support 1,000 new start businesses, and improve survival rates of local businesses</li> <li>• Enhance the use of ICT in SMEs</li> </ul>
<p><b>PEOPLE</b></p>	<ul style="list-style-type: none"> <li>• Generate at least 2,300 new jobs for Leicester and Leicestershire</li> <li>• Ensure local people have the right skills to drive growth</li> <li>• Engage over 31,000 individuals and provide them with skills development and employability support</li> <li>• Support inclusive economic growth in the disadvantaged areas of Leicester and Leicestershire</li> </ul>

1.18 Our **City Deal** will establish a Business Growth Hub and the Leicester and Leicestershire to Work Gateway. It will deliver:

<b>PLACE</b>	<ul style="list-style-type: none"> <li>• New infrastructure that will support the expansion of the Loughborough University Science and Enterprise Parks</li> <li>• £36 million of local and national public sector investment</li> </ul>
<b>BUSINESS</b>	<ul style="list-style-type: none"> <li>• Improved co-ordination of business support services and a range of innovative business support programmes, creating 744 new jobs</li> <li>• A new pan-Midlands supply chain initiative that will support the growth of manufacturing and engineering small and medium enterprises.</li> <li>• £103 million of private sector investment</li> </ul>
<b>PEOPLE</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• An innovative new employment and training scheme for young offenders that will support 200 into employment</li> </ul>

## **Governance and Delivery**

- 1.19 Our SEP has been prepared following a process of widespread engagement and consultation. The Plan sets out our shared economic vision and priorities for the area and the collective steps we will take to deliver it. Our SEP is an economic development plan, infrastructure investment plan and a labour market plan and recognises the interconnected contribution of commerce, people and infrastructure to a successful and sustainable economy.
- 1.20 This SEP recognises the unique characteristics, strengths and opportunities of Leicester and Leicestershire and is built upon a strong spirit of partnership. The LLEP will play a lead role in co-ordinating this plan and has the full commitment and support of its constituent partners including our unique Business Council that represents over a third of the 33,000 businesses in Leicester and Leicestershire.
- 1.21 We also recognise the importance and added value of working in partnership with our neighbouring LEPs. We have built strong relations with D2N2 LEP and Coventry & Warwickshire LEP and are working with them on two of our Transformational Priorities (Strategic Rail Freight Interchange and MTP Enterprise Zone) due to their wider economic benefits.
- 1.22 We have put in place a strong governance structure which provides business and political leadership and accountability and capacity to deliver. Chapter 6 provides further detail of our governance arrangements.

1.23 We have an excellent track record of delivery and this should reassure Government that our SEP is **visionary, transformational and deliverable** because it demonstrates and **promises**:

- ***Pace of delivery***
- ***Value for money***
- ***Local commitment***

1.24 In its short existence, the LLEP and local partners have achieved significant results including:

#### **Enterprise Zone**

- Several major new tenants secured, with a good pipeline being progressed
- 250 jobs created since 2011 – with 60 additional jobs expected in 2014

#### **SME Support Programme (RGF 3 & 4)**

- £20m capital grant funding secured - 250 jobs created already

#### **Growing Places Fund**

- £14m investment in infrastructure
- 11 schemes supported in City and County
- 3,000 new homes and unlock 158,300 sq. m. commercial space
- 700 new jobs will be created
- Attracted Formula E to locate their international headquarters in Leicestershire

#### **Leicester City Mayor's Economic Action Plan**

- Investing over £60m in a range of regeneration, business support and skills programmes to transform Leicester's economy

1.25 The following chapters in this Plan set out:

- ***a summary of our local economy including its strengths, opportunities and challenges***
- ***our intervention logic and actions for investing in our Place, Businesses and People***
- ***our governance and delivery model***
- ***our freedoms and flexibilities asks***

# Summary of Local Economy



## 2. Summary of Local Economy

### Introduction

2.1 This chapter provides an overview of the local economy, covering the following areas:

- Demographic summary
- GVA and earnings
- Sector structure
- Research and development and innovation
- Institutional specialisms
- Business structure
- Employment and labour market
- Conclusions

More detailed evidence is provided in the later chapters to explain our rationale for intervention around the place, business and people themes.

2.2 The LLEP area has a population of almost one million people with an estimated GVA of £19.4 billion. Leicester City, located at the centre of the LLEP area, is one of England's largest cities and is surrounded by a large rural hinterland with some densely populated towns.

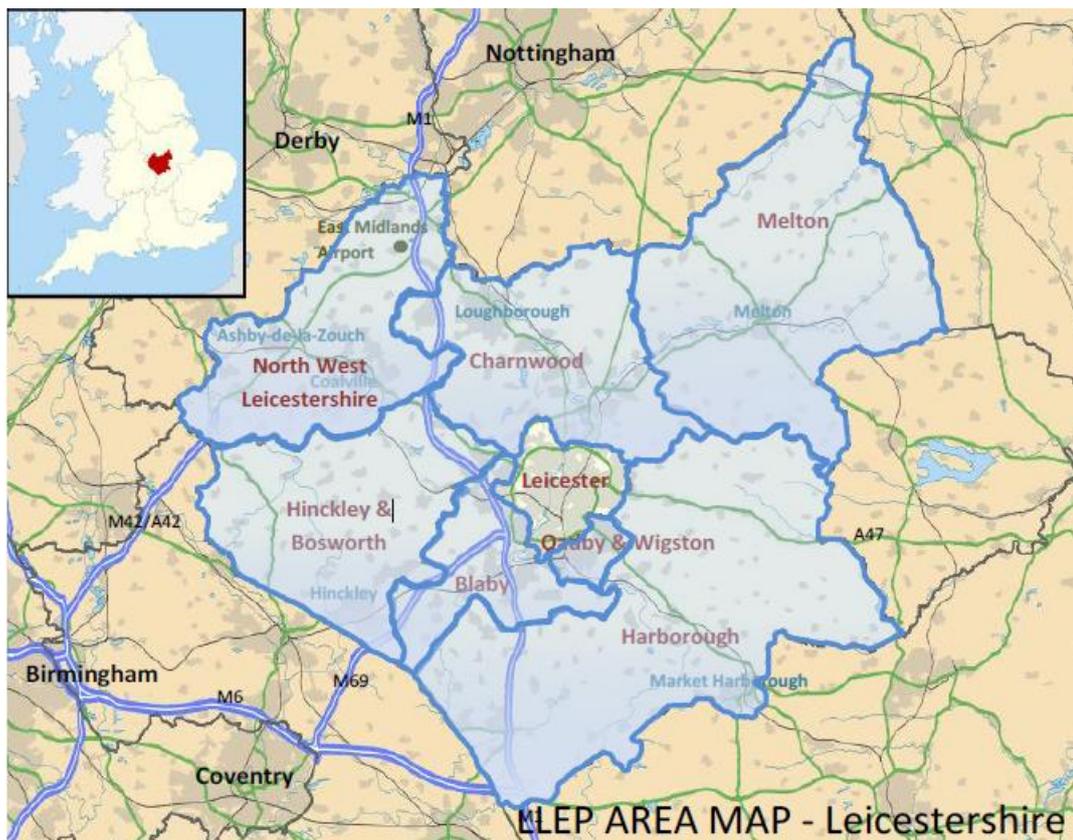
2.3 Leicester and Leicestershire functions as an integrated economic area in terms of travel-to-work patterns, retail and cultural catchments and transport links. It benefits from a diverse industrial structure and is not dependent on the fortunes of any one sector or employer.

2.4 A comprehensive Leicester and Leicestershire Economic Assessment was completed in 2011. This evidence base has been extensively updated to underpin our work on this SEP, the ESIF strategy and City Deal. The evidence base will be reviewed annually with a more comprehensive refresh at a mid-term review of the 2014 -2020 European Structural Funds programme. A detailed rural economic assessment was commissioned in 2013 which has confirmed the importance of the rural economy and has shaped our growth plans.

2.5 Although the service sector has grown in significance over the last 20 years, the economy was built upon a strong manufacturing base which remains a distinctive feature and strength. The area also benefits from an excellent strategic location at the heart of the UK road and rail network and has the second largest freight handling airport in the UK.

2.6 The LLEP area also has the opportunity to exploit the relative proximity and accessibility to London to attract high value service sector jobs to Leicester City. Our area has three first-class universities with some world class research and a strong FE sector. This provides a significant platform for plans to increase the knowledge intensity of businesses within the area both through support of HE and FE to promote innovation and also the ambition to attract R&D institutions. This in turn will assist efforts to retain and enhance the significant share of manufacturing activity within the local economy.

**Figure 2.1 - Strategic Location of Leicester and Leicestershire**



## Demographic Summary

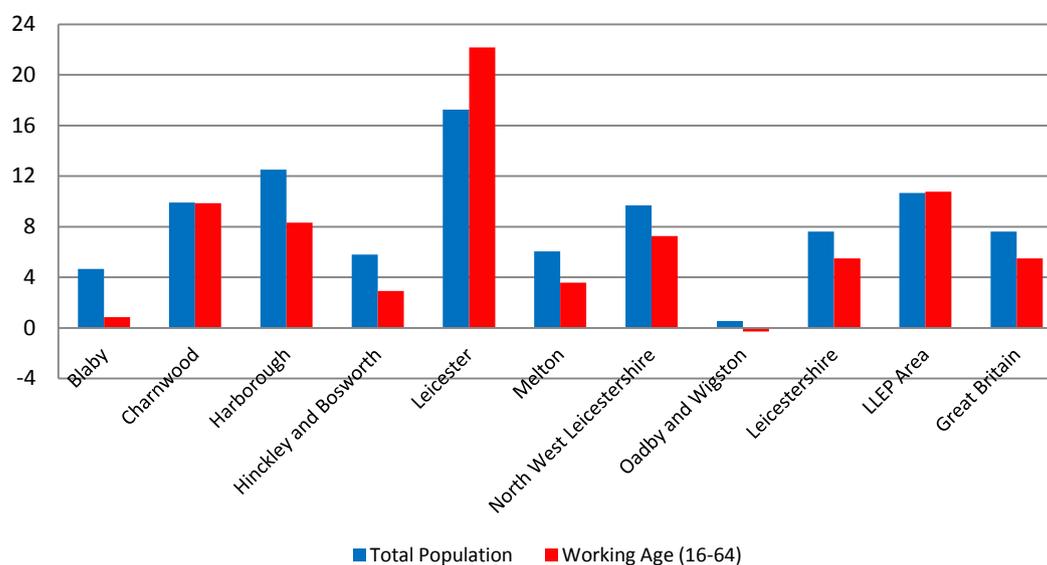
- 2.7 The LLEP area has a population of close to one million people which grew by 10.7% between 2001 and 2012, with a similar increase in the working age population (10.8%). Leicester is the tenth largest city in England with an estimated 331,600<sup>5</sup> residents. Leicester's population has grown by 17% since 2001, which is more than double the national rate of population growth. This growth is especially marked amongst the working age population. Leicester's high and increasing diversity is also noteworthy. In the 2011 census, 45% of residents classified themselves as 'White British', compared to 60.5% in 2001.
- 2.8 The County of Leicestershire has an estimated population of 656,700<sup>6</sup> and comprises seven local authority districts, each with its own distinctive character. Leicestershire is a predominantly rural County and has over 300 settlements with a population of fewer than 10,000 people. The majority of these are very small, with nearly half having a population of fewer than 250. Leicestershire has seen less dynamic population growth than Leicester, just over 8% in the period 2001 to 2012, with only a 6.3% increase in working age population and spread very unevenly across the County area. Much of the population growth has occurred in the more rural parts of Leicestershire and those with larger stand-alone urban areas, rather than the semi-urbanised districts adjacent to Leicester – generating new nodes for economic growth independent of the city.
- 2.9 Demographic pressures create a considerable context for the SEP, both in terms of competition for land use between housing, employment and agriculture/ amenity, the need

<sup>5</sup> Source: ONS 2012 Mid-Year Population Estimates

<sup>6</sup> Source: ONS 2012 Mid-Year Population Estimates

to generate additional employment and the opportunities for growth that are created through an expanding labour market. In line with our current population make-up, future population growth will be from a broad range of ethnic backgrounds and nationalities.

**Chart 2.2 - Percentage Population Growth 2001-2012<sup>7</sup>**



## GVA and Earnings

- 2.10 The LLEP area has a combined GVA of £19.4b<sup>8</sup>, which has grown by 3.5% since 2007, a lower rate of growth than seen nationally. Between 2006 and 2011 Leicester’s GVA per capita fell from 102% of the national average to 98% in 2011, effectively falling from above average GVA per head to below average<sup>9</sup>. This shows the disproportionate effect the slowdown has had on Leicester’s economy. GVA per head figures in Leicestershire have been consistently below the national average, falling from 97% in 2006 to 95% in 2011. Our SEP sets out our ambitious plans to close this gap between local and national performance to achieve significant GVA growth and productivity increases.
- 2.11 The top four sectors which drive GVA in Leicester and Leicestershire are shown in table 2.3, collectively these four sectors account for three quarters of the LLEP economy. In particular, this highlights the importance of the manufacturing and logistics sectors to our local economic performance.
- 2.12 Table 2.4 shows that workplace-based earnings in both Leicester and Leicestershire are below national levels. However, workplace-based earnings have increased in Leicester at almost twice the national and regional rates since 2008, whereas in Leicestershire they have increased by 1%. Workplace-based earnings in Leicester have now overtaken those of Leicestershire.

<sup>7</sup> Source: ONS 2012 Mid-Year Population Estimates

<sup>8</sup> Source: Headline GVA Per Capita (ONS) 2007-11 (Table 3.1) – Leicestershire includes Rutland

<sup>9</sup> ONS (2012) Gross Value Added data

**Table 2.3 - Key GVA Producing Sectors 2010**

Key GVA Producing Sectors	% of LLEP Economy by GVA 2010 <sup>10</sup>
Production	23%
Distribution; transport; accommodation and food	22%
Business Service activities	11%
Public services, administration and health	20%
<b>Total</b>	<b>76%</b>

2.13 Resident-based earnings in both Leicester and Leicestershire are below national levels. Leicestershire's resident-based earnings have continued to rise and are considerably higher than workplace earnings. Conversely, resident-based earnings in Leicester are significantly lower than workplace-based earnings. This is not unusual for a city, where people often live outside the city boundary and commute in to take some of the higher paid jobs. Leicester City residents have relatively low levels of qualifications compared to national figures, which is also a significant factor in influencing resident-based earnings.

**Table 2.4 - Workplace and Resident Based Earnings (Weekly, Full-time)<sup>11</sup>**

	Leicester		Leicestershire		East Midlands		England	
	Workplace	Resident	Workplace	Resident	Workplace	Resident	Workplace	Resident
<b>2008</b>	430.0	373.9	468.8	480.8	445.1	450.2	483.9	484.5
<b>2009</b>	455.1	385.3	457.0	489.6	456.1	460.2	495.0	495.9
<b>2010</b>	462.6	396.5	471.5	498.3	465.0	469.8	504.5	506.0
<b>2011</b>	464.4	402.5	469.9	495.7	458.3	468.2	504.0	504.7
<b>2012</b>	477.8	402.6	466.8	493.8	464.4	476.5	512.6	513.2
<b>2013</b>	480.7	414.4	473.4	507.8	474.6	483.4	520.5	520.7
<b>% change 08 to 13</b>	<b>11.8</b>	<b>10.8</b>	<b>1.0</b>	<b>5.6</b>	<b>6.6</b>	<b>7.4</b>	<b>7.6</b>	<b>7.5</b>

## Sector Structure

2.14 Our GVA and earnings performance are heavily influenced by our local industrial sector structure. Chart 2.5 shows the share of employment by industry sector. This demonstrates a broad-based and diverse local economy. Table 2.6 shows the top five employment sectors locally and the sectors that are more important locally than nationally. The table and chart demonstrate the importance of the manufacturing and logistics sectors in terms of local employment. They also show a relatively high dependency on public sector related employment (health and education ) which is especially marked in Leicester City (where one in four jobs are in the public sector).

<sup>10</sup> ONS (2009) Regional Accounts

<sup>11</sup> Source: ASHE 2013 via nomis, figures relate to median weekly full time earnings

**Table 2.6 - Top Employment Sectors**

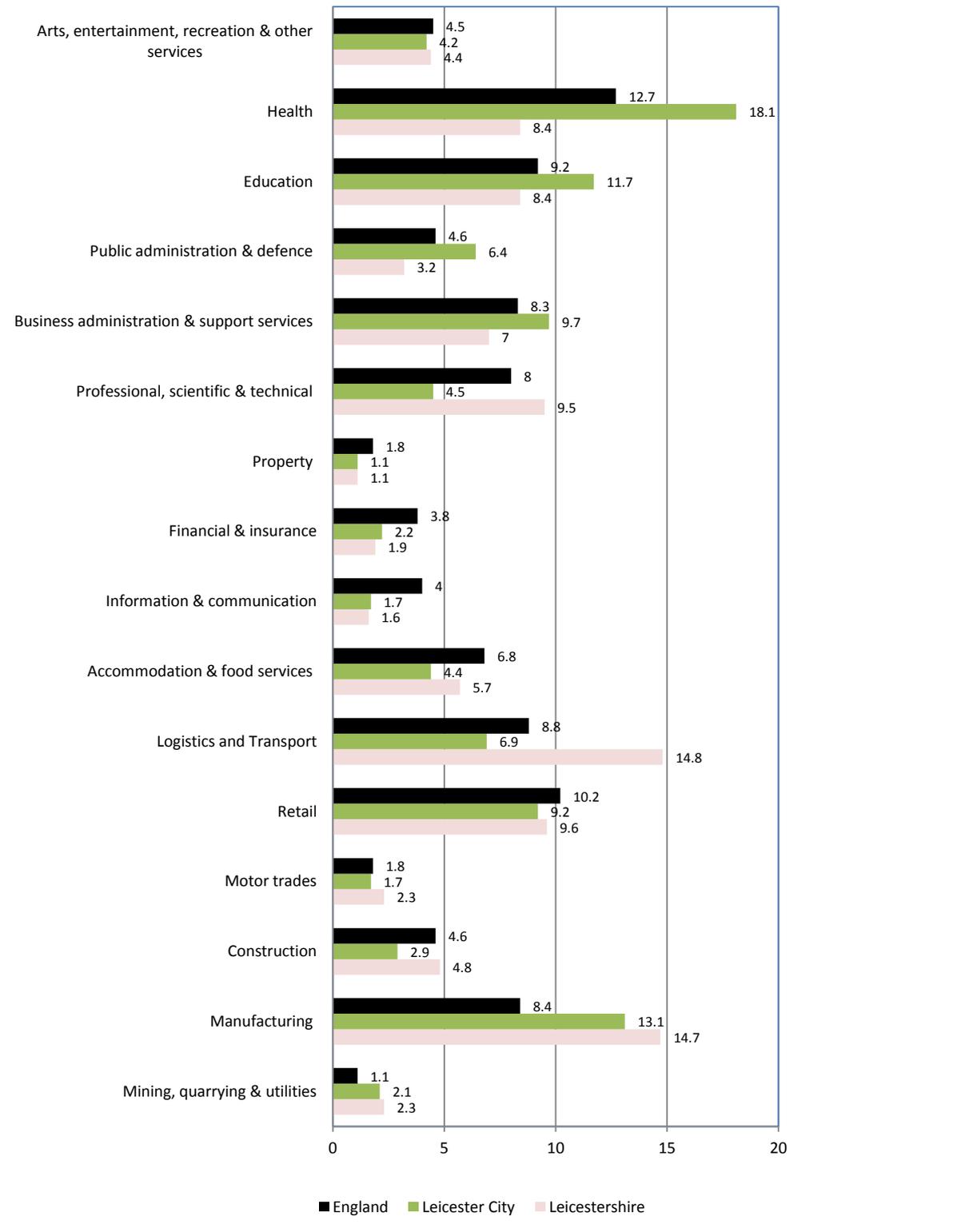
Top 5 Employment Sectors (LLEP figures)	Sectors more important locally than nationally
Manufacturing (61,200) Health (51,700) Logistics (51,600) Education (41,700) Retail (41,600)	Manufacturing (LLEP 14.1%, England 8.4%) Logistics (LLEP 11.9%, England 8.8%) Education (LLEP 9.6%, England 9.2%) Motor Trades (LLEP 2.1%, England 1.8%) Mining, quarrying and utilities (LLEP 2%, England 1.1%)

2.15 It is also interesting to note those sectors where we have employment shares that are below the national levels. These include some sectors which are associated with above average earnings and make a high contribution to GVA including:

- Professional, scientific and technical sectors (especially in Leicester City)
- Finance and insurance
- Information and communications
- Property

2.16 Our analysis of sector structure has also revealed that we have a lower proportion of knowledge-intensive employment than is the case nationally (33% vs 38%). It will be important to close this gap to provide a more resilient platform for growth and generate higher workplace earnings that will help to underpin service sector growth. The presence of three major universities each with their own area of distinct expertise provides us with an excellent opportunity to build a stronger knowledge economy. In addition our universities are hosts to a number of national centres with examples presented in table 2.7. The University of Leicester has significant expertise in space science and genetics and hosts a number of national centres linked to medical/health related research, earth observations and computing. Loughborough University has distinctive strengths in terms of sports/sports medicine and also engineering, with several national research centres linked to sports. De Montfort University has specialisms in fashion and shoe design and a wide range of national centres within the Faculty of Technology. Unlocking their knowledge and finding ways to support the business base to develop new products and services will be a critical element of growth plans moving forward. We also have opportunities to improve the resilience of our economy through supply chain development. The Transformational Priorities around LUSEP and the MIRA Technology Park described later in the Plan will help to develop our knowledge economy.

**Chart 2.5 - Industry Sector Structure - Share of Employment, 2012**



12

<sup>12</sup> Source BRES, 2012 via nomis

**Table 2.7 - Examples of National Centres/Facilities Hosted at Universities in the LLEP Area**

**University of Leicester**

- CRUK Cancer Studies Centre.
- National Centre for Earth Observation (NCEO).
- National Centre for Earth Observation Instrumentation (CEOI), funded by NERC and Technology Strategy Board.
- SEIS-UK, the seismic node of the NERC-funded National Geophysical Equipment Facility.
- Host to the Distributed Research utilising Advanced Computing (DiRAC) supercomputer – one of four such facilities nationally since 2012.
- Host to an NIHR Collaboration for Leadership in Applied Health Research and Care (CLAHRC) since 2008, with UHL NHS Trust. Recent renewal to be jointly hosted with Nottingham Healthcare NHS Trust and University of Nottingham.
- NIHR-funded Biomedical Research Unit in Cardiovascular Disease with UHL NHS Trust.
- NIHR-funded Biomedical Research Unit in Respiratory Disease with UHL NHS Trust.
- NIHR-funded Biomedical Research Unit in Nutrition, Diet and Lifestyle with UHL NHS Trust and Loughborough University.

**Loughborough University**

- National Centre for Sports and Exercise Medicine
- British Heart Foundation National Centre for Physical Activity and Health
- British Gas National Centre for Swimming
- EPSRC Centre for Innovative Manufacturing in Intelligent Automation
- EPSRC Centre for Innovative Manufacturing in Regenerative Medicines
- National Centre for Eating Disorders in Sport

**De Montfort University – Faculty of Technology**

- Cyber Security Centre
- Music, Technology and Innovation Research Centre (MTIRC)
- Institute of Energy and Sustainable Development
- Centre for Engineering Science and Advanced Systems
- Advanced Manufacturing Processes and Mechatronics Centre
- Emerging Technologies Research Centre (EMTERC)
- Centre for Engineering Science and Advanced Systems (CESAS)
- Centre for Computational Intelligence
- Centre for Computing and Social Responsibility
- Cinema and Television History Research Centre (CATH)
- Institute of Creative Technologies

2.17 Based on our evidence and with the support of the Business Council, we have categorised our priority sectors as shown in Table 2.8 to influence interventions described later in this SEP document.

**Table 2.8: Overview of LLEP Priority Sectors for Intervention**

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

2.18 Some sectors supply high volumes of employment opportunities with accessible entry level requirements and can therefore make an important contribution to social inclusion, whilst other sectors may contribute more to GVA, but have fewer jobs and also have higher level skills requirements. Collectively, they are all contributing to growth, but more knowledge intensive activities will add greater resilience over time.

2.19 Analysis of the local economy exists within the context of the National Industrial Strategy where the government is developing long-term strategic partnerships with industry sectors where it can have the most impact on growth. These sectors are listed in the Table 2.9.

**Table 2.9 - National Industrial Strategy Growth Sectors**

<b>Aerospace*</b>	<b>Construction</b>	<b>Life Sciences **</b>	<b>Nuclear</b>
<b>Agricultural technologies</b>	<b>Information economy</b>	<b>Professional and Business Services*</b>	<b>Offshore wind**</b>
<b>Automotive*</b>	<b>International Education **</b>		<b>Oil and gas**</b>

2.20 There is a reasonable match with our present priority sectors, with those marked \* included within local priorities to expand the sector and those marked \*\* representing where there is good growth potential.

## Research & Development and Innovation

2.21 Innovation is strongly emphasised in the EU’s Cohesion Strategy for 2014-2020, underpinning the objective for nations and regions to achieve a sustainable, innovation-led recovery. The UK continues to lag behind the lead countries on traditional measures such as investment in research and development as a percentage of GDP. The most often cited barriers by business to doing more innovation are related to cost.<sup>13</sup>

2.22 Interestingly, research also suggests that although high growth firms only accounted for 7% of the business stock in the UK overall and across most LEP areas, they were responsible for around 50% of all new jobs generated between 2002 and 2008.<sup>14</sup> However, such companies are hard to identify before they attain high growth, as they can be found across all sectors of the economy, can be recent start-ups or established companies, can be large or small employers, and can be located in urban or rural areas. The one characteristic these firms share is that they are innovative, and have the following common needs:

- Access to finance for growth;
- A skilled workforce;
- Infrastructure that enables the flow of ideas (i.e. physical and electronic communications infrastructure – including fast broadband connectivity); and
- A demand for innovative products and processes, stimulated through supply-chain and public sector activities.

2.23 Therefore, although it may not be possible to target high growth businesses per se, we can identify businesses with high growth potential by talking to them through the Business Growth Hub we will be establishing and then meeting their needs (see Business Chapter).

<sup>13</sup> Source: BIS First National Innovation Survey 2011

<sup>14</sup> NESTA, ‘Vital Growth: The importance of high growth businesses to the recovery’, March 2011.

- 2.24 Our FE sector and universities can support innovation in a number of ways. This might involve a spin out enterprise, licensing of technology for commercial development or working with a business to improve existing products and processes.

### **Institutional Specialisms**

- 2.25 The Witty Review concluded that “Universities have an extraordinary potential to enhance economic growth”. The report described universities as potential “arrow heads” of innovative activity within a region/nation state. He suggested a focus on investment in "new technologies through mobilising national clusters in fields offering significant international markets."
- 2.26 Leicester and Loughborough feature strongly in some of the analysis in the review in satellites/space, aeronautical engineering, earth sciences, medicine & pharmacology. Other emerging nationally significant capabilities include data mining. There is a real challenge in that some areas of academic research strength identified by Witty are not well matched with the local economic footprint.
- 2.27 There is a cluster of world class expertise in medicine at Leicester University (cardiovascular, respiratory, diabetes and cancer), regenerative medicine at Loughborough and the Centre for Assisted Living at De Montfort. Historically, it has been viewed as activity that leads to better delivery of health care and employment in the public sector and not necessarily supporting an economic growth agenda of rebalancing the local economy. Given the development of a market within the NHS there is already a blurring of the public/private sector split and this position needs to be reviewed. In any event, there could be potential to explore creating a facility that offers clinical technologies and life sciences companies access to high-quality research and development in close proximity to LLEP world leading science.
- 2.28 Other significant strengths can be identified such as transport technologies when the expertise of MIRA is added to that at our local Universities. MIRA is a provider of product engineering, research, testing, information and certification to the worldwide automotive industry. It was developed to provide research for UK companies but now provides research to clients worldwide. It also carries out work for the defence industry. It is developing a Technology Park that has Enterprise Zone status and is the focus of considerable future investment. This opportunity is highlighted in our Place chapter.
- 2.29 There is potential to strengthen further the knowledge base through attracting more R&D activity to the area, linking with existing academic and research expertise. In addition there could be opportunities to operate as hubs linked to other specialisms, as outlined below.

### **Business Structure**

- 2.30 In 2013, there were 33,070 VAT and PAYE registered enterprises in the LLEP area (8,605 in Leicester City and 24,465 in Leicestershire County). The majority of these businesses (94%) employ less than 20 staff and most businesses in the LLEP area (70%) have turnover below £250,000. Only 10% of local businesses have turnover in excess of £1m and only 2% in excess of £5m<sup>15</sup>. LLEP new VAT registration rates have been below the England average over the period 2009 to 2012, however, they have been better than the East Midlands level. Business start-up rates have improved significantly in 2011 and 2012.

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<sup>15</sup> UK Business Activity Size and Location 2013, ONS

- 2.31 One of the major barriers to economic growth within the LLEP area is the relatively high business failure rate amongst City-based businesses (three year survival rates have been below national rates for many years). This has been in part linked to our businesses starting in business sectors with low margins, high competition and operating in a localised demand structure (e.g. retail and hospitality). However, we have recently seen an increase in start-up rates and a reduction in failure rates – which is positive for the future.
- 2.32 Our most recent business survey indicated that 70 per cent of our businesses have growth plans.<sup>16</sup> Nevertheless, businesses expressed a number of concerns which could constrain growth, including: high energy costs, unsuitable premises, staying ahead of the competition, regulation, finding new business, cash flow, access to finance and finding suitable staff.

## Employment and Labour Market

- 2.33 Between December 2008 and December 2011, the number of people in employment fell by 25,000 in the LLEP area, or a fall of over 5%<sup>17</sup>. BRES data also shows a loss of 25,000 jobs to the local economy over this time period, and a rate of decline which was twice the national average. Over the period 2008 to 2012, the job losses are estimated at 20,000.
- 2.34 Since March 2011, the labour market has bounced back with an annualised growth rate of 2.5%, which is generally around the long term growth trend.
- 2.35 However, current Office for Budget Responsibility Employment Forecasts suggest a 0.7% growth in national levels of employment each year to 2017. We do not foresee the short term rebound in employment being sustainable over the longer term without further intervention to accelerate the growth in jobs.
- 2.36 In the LLEP area, a 0.7% annual increase in employment would not be enough to sustain current employment rates, with our working age population increasing by 1% per annum (2% in Leicester City). Therefore we feel an ambitious target for an annual increase in employment would be 2%.
- 2.37 Chart 2.9 compares the OBR forecast with the 2% employment growth target in this SEP. Achieving this ambition would mean 45,000 more people in employment above a ‘do nothing’ option by 2020.
- 2.38 With the recent improvement in economic conditions, we have also observed an increase in the proportion of businesses reporting recruitment difficulties and those recognising that skills shortages are having a serious impact on their business. As sectors develop it will be important to ensure that they have access to the skills they need from the local labour market. We need a good match between skills supply and demand to enable us to reach our economic growth potential.
- 2.39 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 significant concern in Leicester City. There are currently 16,605<sup>18</sup> JSA claimants in the LLEP area (30% of whom have been claiming benefits for over 12 months). A larger group of people are

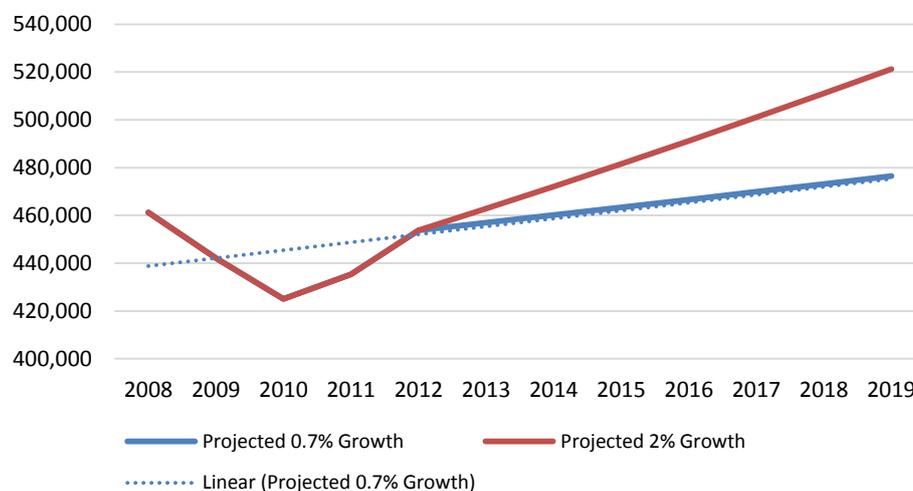
<sup>16</sup> Leicester and Leicestershire Business Survey 2012

<sup>17</sup> ONS Labour Force Survey (2013) Total individuals in employment

<sup>18</sup> ONS Claimant Count, January 2014, sourced via nomis

claiming the full range of out of work benefits (60, 050 in August 2013 - 9.4% of the working age population)<sup>19</sup>.

**Chart 2.10 - Employment Levels to 2012 and projected employment growth**



Source: Labour Force Survey (2013) and Office for Budget Responsibility Economic Projections (March 2013)

2.40 Table 2.11 indicates that the LLEP area is lagging behind national qualification levels. Furthermore qualification levels in Leicester are significantly below those in Leicestershire.

**Table 2.11 - Qualifications Levels within LLEP Working Age Population**

Qualification Levels	Leicester City	Leics County	LLEP Area	East Midlands	England
NVQ4	28.0%	30.4%	29.6%	29%	34.2%
NVQ3	48.1%	54.7%	52.5%	52%	54.9%
NVQ2	63.9%	72.7%	69.7%	70%	71.8%
No qualifications	14.2%	7.7%	9.9%	9.3%	9.5%
'Other' qualifications	10.3%	5.9%	7.4%	6.9%	6.3%

Source: ONS (2012) Annual Population Survey – January 2012 to December 2012

2.41 Based on our review of evidence and stakeholder engagement, we have developed a detailed SWOT analysis shown in table 2.11. Our key economic assets can be summarised as:

- Vibrant City Centre
- Well-connected central location

<sup>19</sup> DWP Benefit Claimant Count, August 2013

- Largest logistics park in Europe
- Second largest Science Park in the country
- UK's second largest air freight hub
- 22 million consumers within a three hour drive
- Three world-class universities and strong FE sector
- Enterprise Zone at MIRA Technology Park that is set to become a global centre for automotive R&D
- Planned investment in rail infrastructure, Leicester will be one hour's train journey from London
- Diverse economy with key strengths in manufacturing and logistics

2.42 Our need for intervention can be summarised as:

- GVA growth is below the national average
- Earnings are below the national average
- Our sector structure is diverse but we would like to increase our share of knowledge-based employment to national levels to improve resilience and drive up our GVA and earnings
- Our economy has lost 20,000 jobs from 2008 to 2012
- 70% of our SMEs have growth plans but need help to grow
- Our business creation rates and 3 year survival rates are below national averages
- There is significant demand for office space and employment sites to come forward
- Congestion is causing increases in business costs
- Employers report a lack of skilled workers in key sectors which is impacting upon business performance
- Pockets of high unemployment and deprivation

2.43 These themes are explored in more detail in the Place, Business and People Chapters.

## SWOT Analysis

Table 2.12 - Detailed SWOT Analysis for LLEP Area by Place, People and Business them

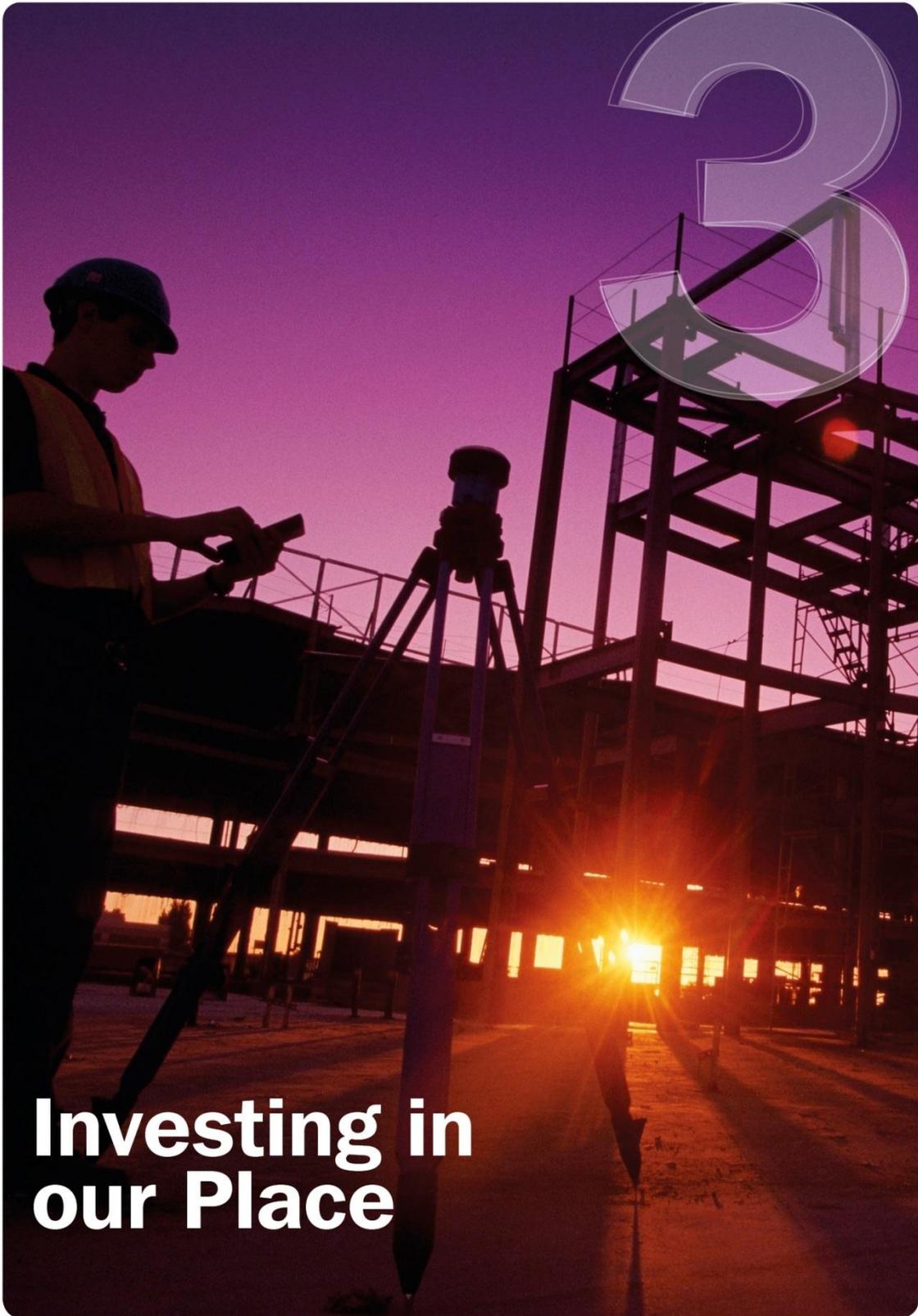
STRENGTHS	WEAKNESSES
Place	Place
<ul style="list-style-type: none"> <li>• Diverse economic structure not overly dependent on any one sector or employer.</li> <li>• Generally strong market towns and rural economy – as evidenced by GVA per head in Leicestershire County (compared to other rural counties).</li> <li>• Strong retail offer and retail expenditure largely remains within sub-region.</li> <li>• Trading links with significant and growing economies such as China and India.</li> <li>• Cultural diversity.</li> <li>• Strategic location in relation to national road network; 95% of English population accessible in 4 hours by road.</li> <li>• East Midlands Airport, second largest freight-handling airport in the UK &amp; growing</li> </ul>	<ul style="list-style-type: none"> <li>• GVA per head in Leicester is below that of cities in the South and East.</li> <li>• Average annual GVA growth in Leicester City and Leicestershire has been below the national average.</li> <li>• Workplace earnings in Leicester are low compared to similar cities – due to a relatively low level of jobs in knowledge-based sectors.</li> <li>• Peak period traffic congestion in Leicester (including on its arterial routes), some of the County towns and on parts of the strategic road network (M1 Junctions)</li> <li>• Poor rail accessibility to some key centres outside the region (Manchester / Birmingham / Leeds) and low rail speeds to Nottingham /</li> </ul>

<p>passenger services.</p> <ul style="list-style-type: none"> <li>• A good mix of types and sizes of housing across the wider conurbation and county in a choice of rural, market towns and urban locations.</li> <li>• Industrial development land is competitively priced in Leicester compared to many other cities.</li> <li>• Strong collaborative working between FE Colleges and with LLEP – as evidenced by the production of a joint FE prospectus for employers in partnership with the LLEP – good work to introduce higher level apprenticeships and partnerships on new developments such as MIRA</li> </ul>	<p>Birmingham.</p> <ul style="list-style-type: none"> <li>• “City flight” – people leave Leicester as they become more affluent – complex issue but partly linked to quality/mix of housing.</li> <li>• A shortfall of affordable housing compared to need, especially in suburban and rural areas</li> <li>• Some Social Housing of poor quality with high energy bills</li> <li>• Limited supply of Grade A and high-quality office accommodation in Leicester.</li> <li>• Lack of employment land and obsolete premises have constrained growth in Leicester.</li> <li>• Limited access to high-speed Broadband in rural areas of Leicestershire.</li> </ul>
<p><b>Business</b></p>	<p><b>Business</b></p>
<ul style="list-style-type: none"> <li>• Three excellent universities with some areas of global expertise contribute significantly to local GVA and bringing innovation, R&amp;D, and skills to local businesses.</li> <li>• Pro-active local Business Council with over 10,000 members</li> <li>• Strong international and national R&amp;D networks and access to enabling technologies e.g. ICT/digital media/ and big data</li> <li>• Expertise in space science, physics, medical research, green technology, Earth sciences, innovative manufacturing, engineering, design, heritage and creative industries and management.</li> <li>• Low carbon economy research e.g. in energy efficiency, renewable energy, sustainable construction, waste management, with Energy Technology Institute a major asset</li> <li>• Logistics sector has seen employment growth of <b>12 per cent</b> across the LLEP area</li> <li>• High concentrations of manufacturing employment (14% of jobs in LLEP area, vs 9% in England)</li> </ul>	<ul style="list-style-type: none"> <li>• 3-year business survival rates in Leicester have been below the national average for a number of years.</li> <li>• A high reliance on the public sector for employment in Leicester City (one in four jobs).</li> <li>• Almost a quarter of businesses thought skills shortages were having an impact on their business, especially in engineering (45%).</li> <li>• Area has not fully capitalised on the opportunities to transfer innovation and R&amp;D from its universities into existing and new businesses.</li> <li>• Insufficient graduate-level jobs in some sectors and an under-developed knowledge economy</li> <li>• Incubation spaces have high occupancy and lack of appropriate move on space creates a bottleneck</li> <li>• Opportunities for spin out businesses are constrained by lack of funds to support proof of concept and development until commercially investable</li> <li>• Working with SMEs is very costly for Universities and they are not fully funded for this purpose</li> </ul>
<p><b>People</b></p>	<p><b>People</b></p>
<ul style="list-style-type: none"> <li>• Three universities providing supply of graduates to local labour market.</li> <li>• Strong and improving FE sector providing a wide range of vocational training to meet local employer needs and a pathway to HE.</li> <li>• Demographic changes are resulting in big replacement demand requirements within</li> </ul>	<ul style="list-style-type: none"> <li>• Local employers reporting recruitment difficulties, skills shortages and skills gaps.</li> <li>• Employers report lack of “applicants” that are “job-ready”, especially young people</li> <li>• Leicester City has a significantly higher percentage of young people who are classed as</li> </ul>

<p>the local labour market to create significant job opportunities</p> <ul style="list-style-type: none"> <li>• Our recent business survey confirmed that 80% of businesses that had accessed external training provision rated this as 'good' or 'very good'</li> <li>• Strong education/business partnership arrangements alongside established partnerships to address the skill needs in the local economy</li> <li>• Good progress to introduce higher level apprenticeships</li> <li>• Collaborative approach to skills planning e.g. MIRA Skills Plan.</li> </ul>	<p>NEET when compared to the East Midlands.</p> <ul style="list-style-type: none"> <li>• 28% of Leicester City's resident working age population have a level 4 qualification compared to 34.2% in England.</li> <li>• 14.2% of working age adults in Leicester have no qualifications compared to the England average of 9.5%</li> <li>• Female employment rates in Leicester City are low (56.5%) and only five of its wards are above the national average (63.5%).</li> <li>• Poor educational performance of white young people resident in Leicester City, already apparent at age 11.</li> </ul>
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<b>OPPORTUNITIES</b>	<b>THREATS</b>
<p><b>Place</b></p> <ul style="list-style-type: none"> <li>• Access to strategic road network is attractive for manufacturing and logistics sectors.</li> <li>• Planned enhancements of the Midland Mainline will improve rail links. Plans for a strategic rail freight terminal.</li> <li>• HS2 creates opportunities to improve the connectivity of rail and reduce over-crowding on existing mainlines.</li> <li>• Planned Highway Agency improvement for M1 at J19 and opportunities to improve J21, 23a &amp; 24.</li> <li>• Tourism - Richard III remains discovery provides new opportunity – also potential to link up different tourism projects.</li> <li>• Three world-class universities located in the sub-region with expertise to be a drivers of growth</li> <li>• New science, enterprise &amp; technology parks planned, including MTP and LUSEP</li> <li>• Potential for Growth Areas to accommodate and provide right employment land and housing to support the economy (jobs)</li> <li>• Planned housing growth could generate more construction sector jobs.</li> </ul>	<p><b>Place</b></p> <ul style="list-style-type: none"> <li>• Competing areas could attract businesses and people away from the LLEP area.</li> <li>• Failure to support and promote the universities and their research USPs on the world stage could result in reduction in growth of the economy</li> <li>• Increasing demand for travel due to economic, employment and housing growth is likely to increase vehicle kilometres and traffic flows that could lead to greater congestion</li> <li>• Decrease in public sector funds will impact on the delivery of essential infrastructure which could constrain economic growth in the area.</li> <li>• Insufficient Grade A office space in Leicester makes it difficult to attract investment and retain professional services businesses in the area.</li> <li>• Continued pressure for residential development on employment sites (especially in Leicester) could inhibit growth potential.</li> </ul>
<p><b>Business</b></p> <ul style="list-style-type: none"> <li>• Some large and influential employers with significant growth potential.</li> <li>• Potential to increase overseas trade by building on existing strong links with India, China and Europe.</li> <li>• Growing service sector, with business and</li> </ul>	<p><b>Business</b></p> <ul style="list-style-type: none"> <li>• Failure to establish and grow knowledge-based businesses will inhibit wealth creation in the local economy and restrict earnings growth.</li> <li>• Failure to innovate in all sectors will result in declining business performance and a loss of competitiveness.</li> </ul>

<p>professional services already making a high contribution to GVA and projected to grow further.</p> <ul style="list-style-type: none"> <li>• Strong Food &amp; Drink sector offers potential to build on and deliver employment growth and develop greater links to tourism/hospitality growth</li> <li>• Evidence from the recent business survey suggests that 70% businesses have growth aspirations.</li> <li>• Good potential to develop the social enterprise sector</li> </ul>	<ul style="list-style-type: none"> <li>• High % of new business starts are in sectors with high failure rates (e.g. hospitality and retail).</li> <li>• High proportion of micro-businesses poses a challenge for the delivery of business support services.</li> <li>• Skills gaps reported by businesses could inhibit growth and the ability of businesses to innovate.</li> </ul>
<p><b>People</b></p>	<p><b>People</b></p>
<ul style="list-style-type: none"> <li>• Thousands of international and home graduates with potential to support business through internships and placements</li> <li>• Strong education and FE sector with good employer links to meet local skill needs (e.g. through apprenticeships) and develop the skills of local people and communities</li> <li>• Strong collaboration between FE colleges to develop joined up solutions to local employers and to new infrastructure developments</li> <li>• Strong university-college links offers potential to deliver higher level apprenticeships in key areas such as engineering for aerospace industries</li> <li>• Cultural diversity and a relatively young population profile in Leicester</li> </ul>	<ul style="list-style-type: none"> <li>• Leicestershire’s ageing population could prove challenging for service providers, particularly in the more rural and remote areas of Leicestershire.</li> <li>• High deprivation and worklessness and a low skills base in Leicester could make the area appear less attractive to inward investment.</li> <li>• Some of those furthest from the labour market face significant challenges and barriers to employment.</li> </ul>



**Investing in  
our Place**

### 3. INVESTING IN OUR PLACE

1. Strategic Rationale	2. Objectives for 2020	3. Activities/ Programmes
<p><b>Deliver Growth Areas and Transformational Priorities</b></p> <p><b>Maximise economic potential</b></p> <p><b>Provide critical infrastructure and investor certainty</b></p> <p><b>Provide sustainable transport and access to jobs</b></p> <p><b>Unlock substantial areas of land for housing development and investment</b></p> <p><b>Develop strengths in key sectors</b></p> <p><b>Provide high quality residential, commercial and industrial accommodation</b></p>	<p>£1.584b leverage of investment</p> <p>70 ha of land released...</p> <p>134,000 sq m employment space</p> <p>10,700 business supported / new start ups</p> <p>14,000 new homes</p> <p>13,300 jobs</p> <p>170 apprenticeships</p> <p>13.5m cycleways</p> <p>11.1km highways<sup>20</sup></p>	<p><b>Five Growth Areas:</b></p> <ol style="list-style-type: none"> <li>1. Leicester Urban Area</li> <li>2. East Midlands Enterprise Gateway</li> <li>3. Coalville Growth Corridor (A511)</li> <li>4. Loughborough</li> <li>5. South West Leicestershire</li> </ol> <p><b>Four Transformational Priorities:</b></p> <ol style="list-style-type: none"> <li>1. Leicester Launchpad</li> <li>2. East Midlands Gateway Strategic Rail Freight Interchange</li> <li>3. Loughborough University Science and Enterprise Parks</li> <li>4. MIRA Technology Park Enterprise Zone</li> </ol> <p><b>Two Growth Programmes:</b></p> <ol style="list-style-type: none"> <li>1. Market Towns &amp; Rural Leicestershire</li> <li>2. Infrastructure, Workspace &amp; Cultural Development</li> </ol>

#### Introduction

- 3.1 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 the area's local population.
- 3.2 The LLEP area's population is forecast to increase significantly between 2012 and 2026. In order to develop Leicester and Leicestershire's economy we need to ensure the location functions well for people, businesses and investors in terms of:

<sup>20</sup> Note these outputs are linked to project Business Cases

- Being an exceptional place to make and distribute goods and services
  - Having excellent access to employment, leisure and learning
  - Having outstanding quality and range of housing, urban and rural environments
  - A place where our natural environment and heritage is celebrated and protected
  - Being able to sustainably accommodate additional growth of our businesses and population
- 3.3 Our planned infrastructure spending will release employment and housing sites, accommodate growing businesses and support business productivity. The HM Treasury Plan for Growth highlights the need to make the right land available in the right place for development to provide the infrastructure, commercial development and housing that the country needs.
- 3.4 In this Plan we have adopted a spatial and thematic approach, prioritising investment to 2020 through **five Growth Areas; four Transformational Priorities and two Growth Programmes**. Our Transformational Priorities are major development opportunities which will have global, national, regional and sub-regional impacts and are located within four of the Growth Areas.
- 3.5 The Growth Areas, Transformational Priorities and Growth Programmes are;

#### **Growth Areas (GAs)**

- **Leicester Urban Area (GA1)**
- **East Midlands Enterprise Gateway (GA2)**
- **Coalville Growth Corridor (GA3)**
- **Loughborough (GA4)**
- **South West Leicestershire (GA5)**

#### **Transformational Priorities (TPs)**

- **Leicester Launchpad (TP1)**
- **East Midlands Gateway Strategic Rail Freight Interchange (TP2)**
- **Loughborough University Science and Enterprise Parks (TP3)**
- **MIRA Technology Park Enterprise Zone (TP4)**

#### **Growth Programmes**

- **Market Towns and Rural Leicestershire (GP1)**
- **Infrastructure, Workspace and Cultural Development (GP2)**

- 3.6 Investment in our Growth Areas, Transformational Priorities and Growth Programmes will be the major components of our Growth Deal negotiation, for which we will be seeking to secure **£768m** of infrastructure investment between 2015 and 2020, supported by an investment of **£240.71m** from the Single Local Growth Fund, leveraging a return of 5:1 over the lifetime of the SEP.

## Growth Areas and Transformational Priorities



Figure 3.1 - Our Growth Areas and Transformational Priorities

Resource Summary	Total	15/16	16/17	17/18	18/19	19/20
Local Growth Fund Ask	£241m	£81m	£60m	£46m	£30m	£23m
Other funding	£527m	£115m	£100m	£118m	£96m	£98m
<b>Total Funding</b>	<b>£768m</b>	<b>£196m</b>	<b>£160m</b>	<b>£164m</b>	<b>£126m</b>	<b>£121m</b>

- 3.7 Focusing investment in Growth Areas, and in Transformational Priorities which are located within them, will enable us to take a co-ordinated and holistic approach to infrastructure provision which will unlock the potential of key strategic economic growth locations as well as the specific major development opportunities they contain.
- 3.8 The five Growth Areas are parts of the sub-region where substantial growth is already planned through strategic policies and land allocations in our Local Plans. Several of the Growth Areas include proposed Sustainable Urban Extensions and Strategic Employment

Sites. Local authority economic growth plans complement these land-use policies. The proposed interventions in this SEP will, through targeted and co-ordinated packages of investment, tackle the barriers to, and accelerate delivery of, this planned growth, providing funding and greater certainty for infrastructure delivery and stimulating private sector investment.

- 3.9 Effective delivery of our Growth Areas and Transformational priorities will require strong collaboration between key partners and stakeholders. We have an effective and well developed approach to multi-agency working at our Enterprise Zone, including working with partners in the adjoining Coventry and Warwickshire LEP area. We will consolidate and extend this approach to our other Transformational Priorities; building on existing partnership arrangements at the Leicester Launchpad, the East Midlands Enterprise Gateway and the Loughborough University Science and Enterprise Parks.
- 3.10 The package of interventions in our Growth Areas will provide a holistic approach to economic growth that will include:
- Physical regeneration
  - Unlocking substantial areas of land for new business and residential development
  - Improving our connectivity
  - Creating opportunities for business development and investment
  - Labour market interventions to enhance skills and ensure people secure jobs
- 3.11 Evidence suggests there is a lag in the delivery of quality commercial and industrial space by the commercial market. This is a concern as there is a lack of quality commercial and industrial space for businesses. We will monitor this carefully and look to intervene through managed and growth on work space provision with public sector partners and investment in commercial schemes to deliver employment space to meet our demand. We will continue to support mainstream housing delivery through the continuing use of the Growing Places Fund as our principal investment vehicle to support housing growth; with the use of direct interventions for specialist housing need if required.

## GROWTH AREAS

### Leicester Urban Area (GA1)

#### Leicester Urban Area GA1

Leicester is the largest city in the East Midlands and the Urban Area had the fourth fastest rate of population growth of any city area between 2002 and 2012. Leicester lies at the economic heart of the LLEP area and substantial growth is planned over the next ten years.

Leicester city centre provides the focus in the LLEP area for employment, shopping, leisure and cultural activities. Step changes in the quality of the public realm and improved accessibility are essential to create the conditions required for a thriving city centre which is fundamental to economic success in Leicester and Leicestershire.

The regeneration of former industrial areas and development of infrastructure both present considerable challenges. However, creating the right conditions for economic growth in Leicester will provide opportunities to deliver around 24,000 new homes and 140 hectares for business and commercial use.

**Transformational Priority** – The *Leicester Launchpad* has the potential to deliver significant housing and employment development on former industrial land within and in close proximity to the city centre. This will provide highly attractive development opportunities, particularly along the River Soar Waterside. Development has been prevented from coming forward at the rate expected in recent years owing to the need to assemble land and the cost of required infrastructure for access and servicing. Leicester Launchpad has the potential to deliver over 6,000 jobs.

Activity Summary	LGF ASK (£m)							
	15/16	16/17	17/18	18/19	19/20	20/21	LGF Total	Total Project Cost
Leicester North West Major Transport Investment Corridor (Approved LTB Major)	3.5	5	7.6				16.1	19
Leicester Waterside Regeneration Area	2.5	3.7	4.1	5.2	4.5		20	55
Leicester City Development Investment Fund	2	3.5	4.5	Fund recycled			10	70

Leicester Strategic Flood Risk Management Strategy and River Soar/ Grand Union Canal Access Programme	1.5	1.5	1.5	1.5	1.5		7.5	21.5
Connecting Leicester Wave 2 Access and Public Realm Improvement Programme	2.25	2.25	2.25	2.25	2.25		11.25	15
North City Centre Access Investment Area (LSTF Round 2 in 2015/16)	1.42 1.2 (LSTF)	3.38	3	3	3		15	20
A5199 Welford Road Transport Investment Corridor	3						3	4
Leicester College Skills & Innovation Village	0.64	1.54					2.18	4.37
Saffron Lane Uppingham Road Transport Investment Corridor	0.05	0.15	1.55	2.27	1.5		6	8.55
Ashton Green SUE Infrastructure Programme	1.35	1.5	1.1	0.5	0.55		5	10
Leicester City Business Gateway Investment Programme Wave 2	0.05	0.2	0.35				0.6	1.8
Great Central Railway Museum Leicester North		0.25	0.75				1	15.35

## Outputs

- **20 ha land released**
- **111,500 sq m workspace**
- **120 businesses supported**
- **600 training places**
- **7,770 jobs**
- **11km cycleway**
- **11km highway**
- **26 apprenticeships**

## Context and Rationale

- 3.12 Leicester is the largest city in the East Midlands and has the fourth fastest rate of population growth of any city area between 2002 and 2012. Leicester City lies at the economic heart of the LLEP area and substantial growth is planned over the next ten years. The Leicester city centre provides the central focus in the LLEP area for employment, shopping, leisure and cultural activities.
- 3.13 Leicester has received substantial public and private investment in recent years but faces significant challenges to retain its primary role, particularly in the face of on-line shopping and the need for high quality commercial land and workspace. Step changes in the quality of the public realm and improved accessibility are essential to create the conditions required for a thriving city centre which is fundamental to economic success in Leicester and Leicestershire.
- 3.14 By creating the physical conditions for economic growth in the Leicester Urban Area, we can provide opportunities to deliver our priorities for People and Business. Delivery of around 24,000 new homes and 140 hectares for business and commercial use presents a substantial challenge in terms of regenerating former industrial areas and infrastructure required to unlock development and move people more effectively around the city.
- 3.15 Provision of a range of new high quality sites and buildings for employment uses, including grade A office space, is essential to support inward investment as well as the retention and growth of city businesses. Unlocking the potential of Leicester's thriving small business community depends on providing the space for businesses to start up and grow, alongside business support initiatives. Improvement of our further and higher education facilities and creating workspace for high value employment sectors will help to rebalance the economy.
- 3.16 Unlocking the substantial potential for development and growth in the Leicester Urban Area will be essential to deliver economic prosperity across the LLEP area. Building on the platform of comparatively strong housing, commercial and retail development over the past few years, together with public investment in transport infrastructure and the public realm, there is potential to accelerate and deliver an ambitious growth plan for Leicester. The Leicester Urban Area has therefore been identified as one of the five 'Growth Areas' set out in this plan.
- 3.17 Delivering our ambitious plans can only be achieved if we have the resources to tackle barriers and accelerate growth and investment in our key opportunities. Leicester City Council and its partners have a strong track record of delivery, as evidenced in the £60m City Economic Action Plan. They also have the experience and capacity to deliver the plans set out below.

- **Leicester Launchpad** is identified in the Leicester City Core Strategy as the Strategic Regeneration Area for **housing and employment development** as well as city centre investment and growth. Some 65% of Leicester's housing requirement falls within this area. Large tracts of former industrial land are available in close proximity to the city centre, providing potentially highly attractive development opportunities, particularly along the River Soar Waterside. Development has been prevented from coming forward at the rate expected in recent years due to the need to assemble land and the cost of infrastructure for access and servicing.
- The City Centre itself has benefitted greatly from the investment in the Highcross Shopping Centre. Investment has also been made in improving the quality of the **public realm** and accessibility across the city centre, particularly through the recent £20m 'Connecting Leicester' initiative, being delivered by Leicester City Council. The need to develop key sites for **commercial retail and leisure development** to maintain the sub-regional role of the city centre will require further investment in the public realm, together with support for private sector investment, particularly through loan and grant facilities.
- An office study in 2012 highlighted the need for specific interventions to bring forward new grade A **office accommodation** in the city centre, where there is a shortfall of provision to support inward investment and city centre firms wishing to relocate/restructure. Sites are available within the city centre following a relaxation of local plan policy but it is clear that public sector intervention is required to unlock development, particularly through a revolving loan facility as recommended in the 2012 study.
- Development of substantial **Sustainable Urban Extensions** (13,000 dwellings and 60 hectares of employment land) will require up-front investment in infrastructure to bring forward and accelerate housing and employment schemes. The use of Growing Places revolving loan funds has already been used effectively to accelerate development. Replicating this approach will release substantial development and job opportunities in the urban area.
- The **transport** network is expected to see a 20% growth in traffic over the next 15 years. This could present a substantial barrier to growth if not tackled through a range of major transport initiatives and smaller scale integrated transport interventions. Leicester City Council and Leicestershire County Council have worked closely together to deliver major corridor improvements and a very successful Local Sustainable Transport Fund (LSTF) programme. In the short to medium term, a further programme of corridor schemes and targeted smaller scale interventions, including proposed LSTF initiatives, will be required to help to manage the existing transport network effectively and prevent city development and growth across the urban area being frustrated. In addition, measures will be required to ensure Leicester can continue to have effective access to the Strategic Road Network, including the M1 and M69.
- Following the successful Round 1 LSTF programme, the LSTF Round 2 bid has been developed. The emphasis continues to be 'getting people to work'. The bid includes support for businesses looking to recruit; support for residents accessing employment; linking employment to transport hubs; and cycling and pedestrian routes to bridge gaps. This work will be supported by Leicester City Council and Leicestershire County Council working closely together to provide integrated ticketing, business and residential travel

planning, 'wheels to work', cycle training and walking programmes and enhanced travel information provision.

- The draft National Policy Statement for the National Road and Rail Networks states that the national networks play a significant part in supporting economic growth and productivity. Specifically, efficient access to these routes is vital to the economy of Leicester and Leicestershire, for example for the logistics sector and to encourage shopping, leisure and tourist visitors from further afield. Whilst there are beneficial measures that can be delivered in the short to medium term, in the longer term, more substantial investment is likely to be required.
- Leicester City Council has delivered effective programmes of **workspace development** and improvements to key **shopping and business gateways** into the city in the last three years. These have been essential to stabilise weak employment areas and also provide the infrastructure for new business growth opportunities. A further programme of investment will support business development and assist smaller businesses to thrive.
- The River Soar provides both a threat to new development from flooding and an opportunity to link new development sites and tourism areas with the city centre through **new commuting, leisure cycling and walking routes**. The Environment Agency will invest £15m in flood defence works in the next few years. This investment provides the potential for complementary works to be carried out at the same time.
- **Tourism** is considered a major potential growth sector for Leicester in the coming years, particularly with the discovery of the remains of King Richard III. This provides a good opportunity to link the new King Richard III visitor centre with other tourism sites including the National Space Centre. The development of the National Railway Museum at the Great Central Railway to the north of the city provides a further significant opportunity for tourism.
- Leicester College aspires to expand its facilities to **support skills development** in key vocational subjects, most notably engineering, motor vehicle and sustainable construction. This investment is essential if we are to deliver the SEP's priorities to support young people into new apprenticeships and vocational programmes that are aligned with local labour market need.

## Priority Projects and Programmes

3.18 Within Leicester the challenges and opportunities provided for development require a focused and intensive response. For this reason **the Leicester Launchpad has been developed as one of the four Transformational Priorities**. It focuses on the City Centre/Waterside/Abbey Meadows area. The key projects in this central area are presented below alongside other priority projects to be undertaken across the whole of the urban area.

1. **Leicester North West Major Transport Investment Corridor – A50/A6:** This joint Leicester City/Leicestershire County Council project has been approved through the Local Transport Majors process and an Assurance Framework has been completed. The scheme will assist in unlocking development in the Launchpad Area as well as supporting major urban extensions to the north and west of Leicester. It will mitigate the impacts of growth elsewhere in the LLEP area that will use the A50 and A6 corridors to access the

urban area and reduce congestion of the transport network more generally, assisting the efficient operation of businesses in the LLEP area.

- 2. Leicester Waterside Regeneration Fund:** An investment and infrastructure led programme to unlock development sites through investment in essential infrastructure and land assembly in the Waterside and Abbey Meadows parts of the Launchpad Area.
- 3. Leicester City Development Investment Fund:** An investment fund is proposed by the City Council to unlock office, general employment, leisure and residential schemes, mainly in the city centre. The investment fund will create a variety of financial instruments including a revolving loan and equity fund and small grants.
- 4. Leicester Strategic Flood Risk Management Strategy and River Soar/ Grand Union Canal Access Programme:** An important programme of works is planned by the Environment Agency, Leicester City Council and the Canals and Rivers Trust to reduce the risk of flooding in the northern part of Leicester. The programme will also create new cycling and walking routes on the River Soar and Grand Union Canal, linking the Leicester Launchpad area to the outer residential and commercial areas of Leicester.
- 5. Connecting Leicester Wave 2 Access and Public Realm Improvements:** This scheme includes components aimed at improving the place and environment which are targeted at improving 'the place'. These are not directly accounted for in WebTAG and in addition to the outputs above the programme will indirectly contribute towards transformation of the city centre through additional spend, jobs, extra footfall on the premises and increases in commercial rents. Outputs will be delivered 2015/16 to 2019/20. It is anticipated that in each of the 5 years some 1,100m of street will be improved in terms of access for walkers and cyclists and some 15,000 sqm of public realm would be improved.
- 6. North City Centre Access Improvement Area (including LSTF Round 2 for 2015/16):** A series of linked transport and public realm improvements are proposed to unlock development in the eastern and northern parts of the Launchpad Area, connecting shopping and commercial areas in the Belgrave Road to the city centre. This has the potential to regenerate key parts of the city centre that have not been the focus of recent private sector investment but where there is great potential for growth.

We are seeking £2.62m from the LGF in 2015/16 of which £1.2m is sought from the Local Sustainable Transport Capital Fund, this will be matched by £880,000 of local capital investment. To support this capital investment, Leicester City Council are seeking £775,000 revenue funding from the Department for Transport's Local Sustainable Transport Revenue Fund to deliver a programme of information and training that ensures that businesses and communities have the confidence to choose sustainable travel in and around the North City Centre Access Investment Programme Area, this will be matched by £590,000 of local revenue investment.

- 7. A5199 Welford Road Transport Investment Corridor:** This Leicester City and Leicestershire County Council joint scheme will assist in unlocking as well as supporting major urban extensions to the south and east of Leicester and reducing congestion of the transport network more generally. Limited funding is initially required to develop these projects in 15/16 and 16/17.

8. **Leicester College Skills and Innovation Village:** Located adjacent to the city centre, Leicester College proposes to expand its facilities to provide new opportunities to develop local skills in priority sectors for the LLEP especially in engineering and sustainable construction. This expansion supports the development of the Leicester Launchpad.
9. **Saffron Lane and Uppingham Road Transport Investment Corridor.** This includes a new section of bus lane, junction improvements, and new cycleway and carriageway resurfacing. Bus lane hours of operation will be increased to 24/7 where practicable and bus lane enforcement introduced, supporting personalised travel planning targeting c11000 households within 500m of the route and real time passenger information at stops along the corridors.
10. **Ashton Green Sustainable Urban Extension Infrastructure Programme:** This is a £5m investment sought from LGF to unlock Phases 3 and 4 of a key employment and residential site at Ashton Green. This is essential to provide certainty of infrastructure to unlock investment and accelerate housing and employment delivery.
11. **Leicester City Business Gateway Investment Programme Wave 2:** Following delivery of the current gateways project operating in a number of the main shopping and commercial gateways into the city, this Leicester City Council led programme will grant fund improvements to independent shop frontages and smaller commercial premises alongside local environmental improvements. These initiatives help to support local business and residential neighbourhoods in Leicester, where support is often essential to sustain local services.
12. **Great Central Railway Museum Leicester North:** The Great Central Railway (GCR) in partnership with the National Railway Museum and Leicester City Council are bringing forward plans for this major tourist attraction. This will build on the success of the GCR and nearby National Space Centre attractions to create a major tourism hub together with the King Richard III Visitor Centre.

## East Midlands Enterprise Gateway (GA2)

East Midlands Enterprise Gateway GA2
<p>Situated in the north west of Leicestershire, the East Midlands Enterprise Gateway (EMEG) area has been described as a transport and logistics ‘sweet spot’ by the sector; uniting air, road and passenger and rail freight in a central location. Activities will support and catalyse the unique opportunities provided by the geographical location and multimodal connectivity to maximise economic benefits.</p> <p>To support this economic growth, strategic housing developments at Coalville and Ashby will contribute to the growing demand to meet employment needs, these are outlined in GA3.</p>
<p><b>Transformational Priority</b> – The <b>East Midlands Gateway Rail Freight Interchange</b> is a unique 250 acre distribution and logistics development alongside East Midlands Airport and the M1 with a rail terminal providing up to 6 million sq. ft. of large scale warehousing. Planning consent is currently being sought to establish the UK’s largest strategic rail freight interchange which will</p>

create over 7,000 new jobs.								
Activity Summary	LGF £m							
	15/16	16/17	17/18	18/19	19/20	20/21	SLG Total	Project Total
<b>East Midlands Gateway Rail Freight Interchange</b>	Freedom and Flexibilities Ask; with a multi-agency partnership approach to support future infrastructure investment and access to jobs and training.							

## Context and Rationale

- 3.19 EMEG is situated to the north-west of Leicestershire, approaching the Derbyshire border and in close proximity to Nottinghamshire. Centred around East Midlands Airport, the GA sits within the boundaries created by the M1 to the east, with the A50 and A42 to the north and south.
- 3.20 The development of the logistics sector is a key priority for the LLEP area. EMEG harnesses the unique opportunities provided by the geographical location and multimodal connectivity of the area to maximise economic benefits. Due to its prime location, the EMEG area is described as a transport and logistics ‘sweet spot’ by the sector; uniting air, road and passenger and freight rail in a central location. This opportunity has brought key international players to the EMEG area.
- 3.21 EMEG businesses driving growth in the area include East Midlands Airport, Donington Park Race Circuit, Marks and Spencer, DHL and Clowes Developments. All parties have the experience to deliver a comprehensive long term opportunity in partnership with public sector partners, including Highways Agency, Leicestershire County Council, North West Leicestershire District Council and Stephenson College.
- 3.22 Underpinning this is a network of strong and enterprising SMEs delivering high quality products and support services which are poised to take advantage of the growing supply chain opportunities.
- 3.23 Strategic housing developments at Coalville and Ashby will complement the economic activity. These employment and housing developments will be supported by essential transport and other infrastructure investments to ensure the connectivity of the area continues to be a key economic attribute.
- 3.24 The availability and accessibility of a suitably skilled workforce is highlighted by EMEG employers as a key growth attractor for the area. To maintain and enhance this economic advantage, skills planning will be important. This skills planning need is heightened when considering the current and anticipated future recruitment challenges in the logistics, engineering, manufacturing and construction sectors. A Skills Plan for EMEG is an urgent priority (more detail on Skills Plans can be found in the People Chapter).
- 3.25 Supporting this strategic location will be vital for future growth. The EMEG is of international, national and regional significance and will drive long term large scale inward investment taking advantage of its locational, sector and infrastructure investment synergies.

## East Midlands Gateway Strategic Rail Freight Interchange Transformational Priority (TP2)

3.26 The EMEG Growth Area includes the East Midlands Gateway Strategic Rail Freight Interchange; a 250 acre distribution centre providing 6million sq. ft. warehousing space (subject to planning approval) and a rail terminal for 750 metre trains. The development will provide 7,000 jobs and lever private investment of £500m. The site enjoys a strategic location which adjoins East Midlands Airport. It provides a major opportunity for Leicester and Leicestershire and aligns with the draft Government National Policy Statement on National Networks.

### Delivery

3.27 The further development and expansion of EMEG will be overseen by a partnership group comprising the major local businesses and key public sector partners. This group will co-ordinate activities to improve infrastructure including highways and broadband and tackle employment and skills challenges. The proximity of the site to Derbyshire and Nottinghamshire necessitates close working with the neighbouring D2N2 LEP.

3.28 The SEP programme of activity for the area **to 2020** will include a focus on interventions to support the successful delivery of the **Transformational Priority** and pull together activities across the area. A Growth Area Plan will be developed which is expected to focus on:

- the provision of essential highways and other infrastructure investment (including improvements to nearby motorway junctions) to facilitate and support delivery of the East Midlands Gateway schemes and other developments;
- provision of superfast broadband to local businesses; and
- activities to ensure the employment and skills needs of the growth area are met

3.29 The key actions included in the Growth Area Plan will underpin future proposals for Single Local Growth Funding for 2016-17 and beyond.

3.30 Roxhill Developments Ltd. will shortly submit a planning application for the **Strategic Rail Freight Interchange** at EMEG. Public sector partners are committed to working closely to speed up the processes associated with this and to enable its delivery through multi-agency agreements and common statements with the statutory agencies, local communities and other major investors in the locality.

## Coalville Growth Corridor (GA3)

### Coalville Growth Corridor GA3

The A511 corridor, between Ashby, Coalville and Bardon, is one of two key east-west links in Leicestershire. It links the A42 to the M1 at Junction 22. With appropriate interventions, improvements along the A511 corridor can unlock significant housing and commercial developments. This will enable the construction of 5,275 houses and 25 hectares of employment development that have been planned, but remain constrained by poor transport infrastructure.

The logistics sector is also vitally important for this location and infrastructure improvements will be essential to ensure the corridor continues to provide the easy accessibility from key sites to the motorway network that the sector requires.

<b>Transformational Priorities – There are no Transformational Priorities located in this Growth Area.</b>								
<b>Activity Summary</b>	<b>SLG £(m)</b>							
	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>LFG Total</b>	<b>Project Total</b>
<b>M1-J22 &amp; A42-J13</b>	<b>2.54</b>	<b>2.10</b>					<b>4.64</b>	<b>6.63</b>
<b>Hugglescote Crossroads</b>		<b>1.9</b>					<b>1.9</b>	<b>2.65</b>
<b>Outputs</b>								
<ul style="list-style-type: none"> <li>• <b>25 ha employment land released</b></li> <li>• <b>5,300 new homes</b></li> <li>• <b>80,000 sq m of employment space</b></li> </ul>								

## Context and Rationale

- 3.31 The Coalville Growth Corridor (A511) is one of the key east-west links in Leicester and Leicestershire linking the A42 to the M1 at Junction 22. It is a key arterial corridor that is linked with major planned growth opportunities. With appropriate interventions, improvements along the A511 corridor can unlock those housing and commercial developments, as well as maintaining good accessibility to the motorway network for existing and growing companies such as DHL and Pall-Ex.
- 3.32 With 5,275 houses and 25ha of employment development already planned, Coalville is one of Leicestershire’s main towns, and plays an important role in ensuring there is balanced growth across the LLEP area. It benefits from good road connectivity to Leicester and further afield. However, with major new growth, that connectivity, and the future potential of Coalville, will be threatened unless infrastructure improvements are made. Transport modelling work has shown that to unlock and accelerate major growth will require significant highway infrastructure improvements. These improvements will be phased over a number of years.
- 3.33 Logistics is a key sector in the corridor and current employers include major operators such as Pall-Ex. There are significant opportunities for new distribution facilities to be provided including G-Park to the east of the A42 close to Ashby. The site is owned by Gazeley, in a joint venture with UK Coal, and extends to 35ha. There is planning permission for up to 80,000 sq. m (850,000 sq. ft.) of rail-linked distribution space, benefiting from an existing rail connection to the Leicester-Burton freight line.

## Delivery

- 3.34 There will be a programme of targeted interventions to address existing and emerging connectivity constraints, resulting from current and anticipated economic growth along the corridor. The successful functioning of this key growth corridor has impacts not only on future employment and housing growth but also to support the growth ambitions of our existing businesses particularly in the logistics sector.

## Priority Projects and Programmes

3.35 The priority projects for the Coalville Growth Corridor are:

1. **M1/J22 and A42/J13 Junction Improvements** : These junctions have been identified as major constraints to growth along the A511 corridor by Leicestershire County Council and the Highways Agency. They are vitally important to support growth, improve accessibility and reduce congestion. Early delivery will assist in establishing the economic vitality of the developments and provide certainty in supporting growth.
2. **Hugglescote Crossroads** : Junction improvements are needed to reduce a significant bottleneck in Hugglescote. There are already delays at this junction, which transport modelling work has identified will increase significantly due to the impacts of growth. Much of the growth in and around south east Coalville is dependent on improvements to this junction. Land acquisitions and further design works are required to provide certainty to the developers and promoters of the South East Coalville SUE and to ensure connectivity between Coalville town centre and the SUE.

## Loughborough (GA4)

Loughborough GA4								
<p>The East Midlands has a legacy of pharmaceutical research and development and is a hotbed for businesses in healthcare, bioscience, medical equipment and devices, pharmaceuticals and biotechnology sectors. The Loughborough Growth Area draws together key economic growth priorities including the knowledge-based employment opportunities at Loughborough University Science and Enterprise Parks and the Charnwood Biomedical Campus.</p> <p>The Growth Area will also facilitate the development of housing growth at Loughborough and Shepshed and the supporting infrastructure required to facilitate these developments. The area will also need additional utilities investment, together with improvements to the road network, to overcome barriers to development.</p>								
<p><b>Transformational Priority</b> – The <i>Loughborough University Science and Enterprise Parks</i> are an exceptional opportunity for the LLEP and UK economy to develop an internationally significant centre for knowledge-based employment. LUSEP is already one of the largest developments of its kind, with 63,000m<sup>2</sup> of high-quality space. Additional University land holdings provide the opportunity to increase this space by 200%, creating as many as 4,000 additional jobs on site and leveraging private investment of up to £200m. The City Deal is supporting initial development of this Transformational Priority in 2015/16. Further capital funding will be sought for 2016/17 onwards.</p>								
Activity Summary	LGF £M							
	15/16	16/17	17/18	18/19	19/20	20/21	LGF Total	Project Total
Loughborough	LUSEP phase 3 and 4 will be delivered through							

<b>University Science and Enterprise Parks - Advanced Technology Innovation Centre</b>	City Deal, LA, ERDF and LU investment. Further external infrastructure will be delivered through planned growth.							
<b>Great Central Railway 'Bridging the Gap'</b>	<b>0.5</b>	<b>0.5</b>					<b>1</b>	<b>6.48</b>
<b>Loughborough Flood Risk Management Strategy</b>				<b>0.5</b>	<b>0.5</b>		<b>1</b>	<b>4.6</b>
<b>Loughborough College Block 'A'</b>	<b>4</b>						<b>4</b>	<b>11.41</b>
<b>Loughborough College Block 'B'</b>	<b>1</b>	<b>6.40</b>					<b>7.4</b>	<b>7.4</b>
<b>Outputs</b>								
<ul style="list-style-type: none"> <li>• <b>2 ha land released</b></li> <li>• <b>200 Training places per year (at least)</b></li> <li>• <b>33 Jobs</b></li> <li>• <b>27 Apprenticeships</b></li> </ul>								

## Context and Rationale

- 3.36 Loughborough is the second largest settlement in Leicester and Leicestershire, located in the north of the county along the A6, to the east of the M1 motorway. It enjoys a prime location at the heart of the three key East Midlands cities -Leicester, Nottingham and Derby and as such provides excellent opportunities for economic growth.
- 3.37 The Loughborough Growth Area draws together key economic growth priorities including the knowledge-based employment opportunities at Loughborough University Science and Enterprise Parks and Charnwood Biomedical Campus, housing growth at Loughborough and the supporting infrastructure required to facilitate these development. This Growth Area and the Transformational Priority have a strong focus on strengthening the links between Loughborough University and the business community. These developments will results in jobs growth and skills development.
- 3.38 The East Midlands has a legacy of pharmaceutical research and development and is a hotbed for businesses in healthcare, bioscience, medical equipment and devices, pharmaceuticals and biotechnology sectors. The opportunity exists to exploit the innovative potential of the University and other high-technology facilities to attract a cluster of high-technology businesses across a range of sectors to the area. This development will therefore also support HM Treasury objectives in relation to the Healthcare and Life Sciences sectors.
- 3.39 There is also the opportunity to assist the delivery of the Charnwood Bio Medical Campus on the former Astra Zeneca site. The 70 acre Campus offers world-class flexible laboratories,

specialist manufacturing facilities and office space with a superb range of amenities and technical and clinical resources able to cater for start-ups to SMEs and multinationals.

- 3.40 The planned delivery of 3,000 homes within the west of Loughborough SUE together with 500 new homes at nearby Shepshed will contribute to a readily available workforce to meet employment needs.

### **Loughborough University Science and Enterprise Parks Transformational Priority TP3**

- 3.41 The LUSEP Transformational Priority offers an exceptional opportunity for the LLEP and UK economy to develop an internationally significant centre for knowledge-based employment. The Science and Enterprise Park is already one of the largest developments of its kind. Additional investment from Loughborough University, Leicestershire County Council and Charnwood Borough Council and Central Government through the City Deal will kickstart the expansion process through the provision of an Advanced Technology Innovation Centre and accompanying infrastructure. Expansion of LUSEP on land to the east of the University and existing science park facilities could increase this space by 200%, creating as many as 4,000 additional jobs and leveraging private investment of up to £200m.

### **Delivery**

- 3.42 SEP interventions across the period **2014 to 2020** will focus investment on adding value to the planned developments to be delivered by the University and private sector. The SEP will target resources to enhance the economic and housing growth opportunities coming forward in the area including activity to assist in the realisation of this growth.
- 3.43 A Growth Area Plan will be developed and this will inform future Single Local Growth Fund proposals for 2016-17 and beyond. The Plan will include proposals to;
- Improve highways infrastructure to support LUSEP expansion and the major housing improvements at West Loughborough and Shepshed. Previous transport studies have shown that Loughborough experiences some of the highest levels of traffic congestion outside the Leicester Urban Area. Transport modelling work has highlighted that without improvements to at least the A512 and M1 Junction 23 congestion levels will increase significantly, detracting from investment in this area and increasing the levels of congestion. The timing of this enabling development is essential to ensure that the infrastructure is in place to attract investment in high tech businesses to the area.
  - Improve electricity capacity in west Loughborough where capacity constraints have been identified as a potential major barrier to both housing and employment growth. The Western Power Distribution Study identified remaining capacity serving Loughborough / Shepshed is only sufficient to serve medium growth projections to 2018/19.
  - Ensure the employment and skills needs of existing and prospective employers can be met and that local people are well-positioned to access job opportunities.
- 3.44 Improved broadband provision into the area is included in the Accelerated Broadband project which forms part of Growth Programme 2.

## Priority Projects and Programmes

- 3.45 Activity in **2015/16** for the Growth Area will be focused on delivery of initial phases of LUSEP and preparatory work for the wider growth in the area. These initial activities will include:
1. **LUSEP Advanced Technology Innovation Centre:** funded through City Deal, ERDF and local partner contributions.
  2. **Great Central Railway – ‘Bridging the Gap’:** This project will be the culmination of a long established aspiration of local partners to connect two sections of Great Central Railway to create an 18 mile railway from Leicester to Ruddington in Nottingham. The project will start in 2015/16, through the support of local funds, and will create a new tourist attraction for the East Midlands of international significance. It will also support the heritage quarter for Loughborough town centre. Importantly, it will unlock significant freight rail opportunities and it is estimated the development could generate economic benefits to the LLEP area of £22.6m over the first five years. Intervention is required to provide gap funding for this major infrastructure project that will create a new tourist attraction and opportunities for investment in locations along the length of the line due to new connections to the national freight rail network.
  3. **Loughborough Flood Risk Management Strategy:** This is a three year programme which will commence in 2015/16 funded through local funds and with the support of LGF. The primary objective is to reduce the flood risk in Loughborough and this will support growth. The Environment Agency is the sponsoring organisation and will be responsible for project governance and procurement. The project is required to allow all partner organisations to allocate their resources to the best advantage of the public purse in the longer term. Intervention will provide certainty that growth in Loughborough can progress.
  4. **Loughborough College Block A and Block B:** **Loughborough College** is a key provider of skills for individuals and businesses in the LLEP area. The College has outdated and energy inefficient accommodation. The modernisation of this facility will enable the College to deliver more apprenticeships in LLEP priority sectors and to provide more part-time learning opportunities in line with needs identified in the LLEP’s Skills Needs Assessment (see People Chapter). The refurbishment will also significantly improve energy efficiency, maintenance and running costs.

## South West Leicestershire (GA5)

### South West Leicestershire GA5

The South West Leicestershire Growth Area offers a unique combination of key commercial and employment hubs. These provide the opportunity to harness major employment and housing opportunities for Leicester and Leicestershire. The M1 corridor (including the M69/M1 junction 21 location) and A5 corridor are crucial economic areas in their own right, with established and expanding services, distribution, retail and leisure roles providing thousands of jobs for the sub-region.

The area is also the major gateway to the Leicester Urban Area. Major Sustainable Urban Extensions and Strategic Employment Sites can create 9,000 new homes and 21 hectares of commercial development at New Lubbesthorpe, Earl Shilton and Barwell SUEs.

The success of these significant opportunities depends largely on the delivery of supporting infrastructure. Such investment, alongside other key initiatives such as the major upgrading of the Nuneaton-Felixstowe freight line, will also open up longer term growth potential in this area.

**Transformational Priority - MIRA Technology Park** is the LLEP's Enterprise Zone.

It will provide 1.75 million sq. ft. high quality R&D space on a 80 hectare estate, making it the largest transport sector R&D technology park in Europe. It will create over 2,000 direct high value jobs and over 3,000 indirect jobs. The MIRA Technology Park is one of the most successful Enterprise Zones in the country and has already created over 250 jobs and attracted significant foreign direct investment.

Activity Summary	LGF £M							
	15/16	16/17	17/18	18/19	19/20	20/21	LGF Total	Project Total
National Skills Training Centre (MIRA/NWHC)	9.5						9.5	11
A5 Corridor Investment	Capital projects will come forward following a modelling and WebTAG business case undertaken by the HA on behalf of the A5 Multi Agency Partnership							
Local Sustainable Transport fund; Round 2 Hinckley	1.54	1.4	0.7				3.64	5.58
M1 Junction 21 & Lubbesthorpe SES Access	3.25						3.25	4.35
Desford Crossroads	0.45	2.65					3.1	4.80

#### Outputs

- 23 ha land released
- 4,600 sq m floor space
- 4,000 homes
- 2,500 training places
- 1,600 new jobs
- 110 apprenticeships

## Context and Rationale

- 3.46 South West Leicestershire Growth Area is the largest geographical GA harnessing major employment and housing opportunities. The South West Leicestershire quadrant encompasses activity along the M1, M69 and A5 corridors, including developments around the Leicester and Hinckley urban areas and includes the MIRA Technology Park Enterprise Zone (MTPEZ) Transformational Priority TP4. This Transformational Priority is exploiting a unique opportunity to become a global centre for automotive R&D.
- 3.47 In addition to the MTP EZ Transformational Priority, the South West Leicestershire GA offers a unique combination of key commercial and employment hubs. The Junction 21 area is the major gateway to Leicester Urban Area but also a crucial economic area in its own right; with established and expanding service, distribution, and retail and leisure roles providing thousands of jobs for the LLEP area. The high-end service offer, at locations such as Grove and Carlton Park, accommodates leading international brands, including Santander and Next. This is complemented by a strong leisure and retail offer with Fosse Park out-of-town shopping complex set to grow and diversify. There are exciting opportunities at the forthcoming Everards food and drink 'cluster' located adjacent to Fosse Park and J21 of the M1. Development and infrastructure support for economic growth in and around J21 of the M1 is a strategic priority for the LLEP and its partners.
- 3.48 The A5 Corridor, which straddles the Warwickshire and Leicestershire border, provides an important local and strategic link between the M42 and the M69. It serves a number of important towns and key employment sites including the MTPEZ. It also plays a pivotal role in supporting our logistics sector ambitions by servicing sites within the LLEP area such as Magna Park and beyond, such as DIRFT and Birch Coppice.
- 3.49 The proximity to the strategic road network, including the M1 and M69, and mainline rail network, has attracted a number of national and international companies to the area. Examples include Triumph and Caterpillar. Freight connectivity will be substantially enhanced by the upgrade of the Nuneaton-Felixstowe freight railway line which will significantly increase freight capacity through accommodating longer trains up to 750m and larger shipping containers. This route passes through the Growth Area.
- 3.50 Strategic housing developments at New Lubbethorpe, Earl Shilton and Barwell will deliver nearly 9,000 new homes to the area. These will be complemented by new major employment opportunities such as the 21ha strategic employment site at New Lubbethorpe and Optimus Point, Glenfield.
- 3.51 Delivery has been slow to start, primarily due to the effects of the recent economic downturn, but also due to the complexities and financial commitments required to deliver large scale development. The success of these opportunities depends largely on the delivery of supporting infrastructure. The SEP seeks to unlock these sites with key interventions by funding critical elements of infrastructure to provide certainty and advance development.
- 3.52 The South West Leicestershire Transport Study identifies a number of longer term preferred options with a high cost benefit ratio (in excess of 5.0). A key focus is on improving access to the M1 and M69; which will in turn lead to significant benefits for other important routes such as the A5, B4114 and A426. These improvements will have a number of benefits in managing additional traffic as a result of development. Improving the network will also ensure better traffic flow, support employment investment and unlock further opportunities for growth in in the longer term.

- 3.53 This approach reflects the draft National Policy Statement for National Networks, which recognises in some cases the need for new slip roads to address congestion issues and also with Circular 02/2013, The Strategic Road Network and The Delivery of Sustainable Development. This recognises the possible creation of new junctions on the Strategic Road Network where it is essential for the delivery of strategic planned growth. Whilst delivery of these measures is beyond this SEP's timeframe, nevertheless funding further scheme development work will be required within this SEP period.
- 3.54 Beyond the road network, there are opportunities for enhanced rail provision crossing the area, in particular to address weaknesses in the linkages between settlements in the West Midlands. Poor rail connectivity to the West Midlands was highlighted as an issue in the Leicester and Leicestershire Economic Assessment 2011. The accelerated roll out of high speed broadband (through Growth Programme 2) will be vital in supporting existing businesses and attracting further enterprise to the area.

#### **MIRA Technology Park Enterprise Zone (MTPEZ) Transformational Priority (TP4)**

- 3.55 A SEP Transformational Priority, the 80ha MTP EZ development secured £19.6m RGF investment to deliver off-site enabling infrastructure. This included A5 highway upgrades, a new power sub-station and a sustainable transport initiative. Without this investment, the development would have taken at least ten years to generate the private investment to deliver the major road improvements to the A5. The RGF has accelerated the development by at least five years, and will deliver 2,000 high value jobs in transport related R&D sector and leveraging over £300m private investment.
- 3.56 We now plan to develop an onsite National Skills Training Centre to further invest in developing the workforce with the skills to support the Enterprise Zone. It is estimated that 75% of the new jobs created within the Enterprise Zone and related area will require intermediate or higher level STEM skills. In addition, around 110 new apprenticeships and 120 Graduate training places are estimated to be required to support the MIRA Technology Park employer base. The planned National Skills Training Centre is a collaborative project between MIRA, North Warwickshire and Hinckley College and the University of Leicester. MIRA operates at the leading edge of automotive technology and is increasingly acting as a magnet for international investment. It is essential that we continue to work collaboratively to exploit its full potential.

#### **Delivery**

- 3.57 The MTPEZ Investment Board was established to coordinate development of the Enterprise Zone. There are also close working arrangements in place with partners in Coventry and Warwickshire and the wider A5 Partnership Group.
- 3.58 The cross-border A5 Partnership Group of local authorities has developed a strategic approach to the development of the A5 through Northamptonshire, Leicestershire Warwickshire and Staffordshire. The LLEP with our partner LEPs in Coventry and Warwickshire and Northamptonshire support this approach. Specifically a multi-agency group with the Highways Agency and Homes and Communities Agency has also been established to consider specific A5 infrastructure issues affecting the aspiration and development of the MTPEZ.
- 3.59 Across these partnerships A5 interventions will be prioritised. Whilst improvements are planned to some parts of the A5, nevertheless accident, traffic congestion and other issues

such as bridge strikes continue to affect the efficient operation of the route. Action is required by the key partners to ensure that these issues can be resolved quickly to ensure economic growth is not restricted.

- 3.60 Wider afield transport modelling work has identified that traffic conditions are predicted to deteriorate markedly at M1 junction 21. Much more will be required to support the ambitious growth plans and to ensure that increased levels of congestion do not impact adversely on the economy of the urban area and on the effective operations of the major businesses in the area.
- 3.61 Within this SEP period, these include further improvements to the local road network serving M1 junction 21; works to access the New Lubbethorpe SES and to mitigate its traffic impacts; and works to improve routes that will enable traffic to avoid the M1 Junction 21 area, including improvements to the B582 Desford Crossroads. In the longer term, more significant improvements will be required to ensure that the urban area and businesses continue to have efficient access to the strategic road network.

## Priority Projects and Programmes

- 3.62 The priority projects and programmes are described below.

- 1. National Skills Training Centre (MIRA, North Warwickshire & Hinckley College and the University of Leicester):** The National Skills Centre will operate on a not-for-profit basis, with any operating surplus re-invested only within the Centre. Estimated outputs are; 2,500 training places each year when fully operational (within three years). These will range from one-day training courses to two year specialist post graduate courses. We expect 30% of these places to be taken by persons already employed on MIRA Technology Park to enhance their R&D skills. In addition, we expect 30% of places to be taken by other national and international persons employed elsewhere and looking to up-skill in R&D. Finally, we expect 40% of the training places to be taken by people not currently employed in the transport technology sector. The Centre will prepare 500 people per year to fill transport sector jobs, providing skills in R&D and related activities. The Centre will also up-skill a further 2,000 students & delegates per year. The Centre will be a 4,578 sq. m hybrid building comprising of 1,535 sq. m of classroom space and workshop/laboratory space. The building will incorporate a large conference/lecture facility to augment the dissemination of technology to larger groups within the transport sector. The building will be located in the centre of the MTPEZ development. This Training Centre is of national significance and so we have made further reference to this in our 'Freedoms and Flexibilities' chapter.
- 2. A5 Corridor Investment:** Further investment is needed along the A5 corridor from the M69 to the M42. A multi-agency group has been established with representatives from the Highways Agency, DCLG, HCA, Warwickshire County Council, Leicestershire County Council, Nuneaton and Bedworth Borough Council, Hinckley and Bosworth Borough Council, Coventry and Warwickshire LEP, LLEP and MIRA. This Group is co-ordinating modelling and business case analysis to identify the interventions needed along the A5 from the M69 to the M42, which will support the MTPEZ and wider growth opportunities throughout the corridor.
- 3. Leicestershire Sustainable Transport Fund-Round 2 Hinckley Town Centre:** Hinckley is the strategic focus of the south western part of Leicestershire and will provide homes for a significant proportion of the workers at the MTPEZ. This is Leicestershire County

Council SLGF capital fund and will complement the revenue funding sought by the County Council from the DfT to implement the Local Sustainable Transport Fund. To support this capital investment, we are seeking £3.64m funding from the Department for Transport's Local Sustainable Transport Fund, this is supported by a bid from Leicestershire County Council for £1m revenue funding. The scheme will complement highways schemes identified in the Town Centre Area Action Plan.

4. **Junction 21 and Lubbesthorpe Strategic Employment Site Access:** The need for intervention to support, evidenced by transport assessment and modelling work, was noted earlier. To aid delivery, development is phased with land release being triggered by delivery of essential highway infrastructure requirements both to the strategic and local highway networks. To provide certainty and to reduce risk, intervention is proposed to front-load the delivery of the 23ha SES in order to speed up delivery and introduce sustainable transport movement and accessibility to large scale employment opportunities. The commercial/employment sector will not at this stage in the market cycle forward fund infrastructure delivery. Access works for the new Lubbesthorpe SES, including improvements to the B4114/B582 junction will be delivered at same time as further works in M1 J21 area.
5. **Desford Crossroads:** Improvements to the A47/B582 Desford Crossroads has also been evidenced as important through transport assessment and modelling work. The Desford Crossroads is a pinch point affecting several growth proposals including the Lubbesthorpe, Earl Shilton and Barwell SUEs and several strategic employment sites. Improving this junction is also part of a staged approach to improve the operational efficiency of M1 Junction 21 and the local road network; it is part of an intended package of measures that will provide upgraded alternative routes.

## LEICESTER & LEICESTERSHIRE GROWTH PROGRAMMES

- 3.63 The SEP includes a substantial focus on supporting capital investment in the five Growth Areas and four Transformational Priorities. There is also a need to recognise and support the economic potential of the wider sub-region including in those areas where large scale growth is not planned, and the need for accompanying major infrastructure investment is not needed on the same scale. Two **Growth Programmes** have been developed to support wider economic aspirations, including in rural areas and our market towns. The two Growth Programmes are:
- **Market Towns and Rural Leicestershire Growth Programme (GP1)**
  - **Infrastructure, Workspace and Leisure Developments Programme (GP2)**
- 3.64 These programmes address the key areas for action to support growth identified in national plans and guidance documents. The primary themes for the projects concern support for market towns, infrastructure-transport and digital, workspace, affordable housing and culture.

## 1. Market Towns and Rural Leicestershire Growth Programme

Market Towns and Rural Leicestershire Programme GP1									
Rural Leicestershire and the market towns are a key part of the sub-regional economy and key interventions are required to ensure economic growth opportunities are exploited to the benefit of rural businesses and residents. This programme focuses on three main areas: affordable housing, food and drink enterprise growth and support for town centre regeneration. The rural economy will also be substantially supported by activities in GP2, through accelerated broadband and affordable housing.									
Activity Summary	LGF £m							LGF Total	Total Project/programme
	15/16	16/17	17/18	18/19	19/20	20/21			
Town Centre Regeneration Programme	0.65	1	1	1	1		4.65	6.65	
Melton Cattle Market & Food Enterprise Centre	3	0.75	2				5.75	12.2	
Affordable Housing Programme	1	1	1	1	1		5	13.5	
<b>Outputs</b> <ul style="list-style-type: none"> <li>• 4 ha land released</li> <li>• 77 businesses supported</li> <li>• 162 jobs created</li> <li>• 125 homes (subject to housing needs assessment)</li> </ul>									

### Context and Rationale

- 3.65 30% of Leicestershire's population live in rural areas. These areas are home to 9,360 businesses accounting for over 70,000 jobs. A large proportion of these businesses are micro (91.4%) and small (98.5%) enterprises, presenting a real opportunity for rural growth and job creation. In terms of sectors there is a significant concentration of LLEP priority sectors in our rural areas, including; logistics, high tech engineering, food and drink and tourism.
- 3.66 The rural economy needs to fulfil its potential to ensure it fully contributes to the economic prosperity of the whole area. Rural Leicestershire is a valuable asset for the LLEP area; it provides great potential for economic growth and job creation, as well as shaping our heritage, sense of place and landscape.

## Delivery

- 3.67 The Leicestershire Rural Partnership (LRP) is a long standing model of collaborative working and it has a strong track record in supporting the rural economy. A statement of joint working has been developed between the LLEP and the LRP to work together to support rural businesses.
- 3.68 All LLEP programmes will promote and deliver support to rural businesses where eligible. In addition, some specific rural activities will be implemented through Defra EAFRD funds, including: rural diversification, support for small and micro enterprises, tourism development and building upon some of the strengths of the area, notably in locally produced food.
- 3.69 The LLEP is also supporting the development of a RDPE LEADER proposal to support small and micro rural businesses across East Leicestershire and will explore opportunities for coordinated activity with Derbyshire and Staffordshire to exploit the economic value of the National Forest.

## Priority Projects and Programmes

- 3.70 The priority programmes and projects are outlined below.
- 1. Market Town Regeneration Programme:** Our town centres have suffered greatly as a result of the economic downturn, with the LLEP area losing almost 4,500 jobs in retail since 2008. Our market towns have struggled and it is considered critical to arrest and reverse this trend to ensure their future viability and vitality and to ensure they play an enhanced role in driving a thriving rural economy.
    - Emerging town centre regeneration proposals in Ashby, Coalville and Hinckley are likely to come forward at an early stage. We will work with the project promoters to progress these proposals.
    - Hinckley has a number of key strategic sites within the town centre where development has started on site. These include a new leisure centre and the Crescent, a mixed use development of a Sainsbury's store, multi-screen cinema, family restaurants and larger retail units. The Hinckley Round 2 LSTF bid (GA3) will link its public realm project elements to this new development within the existing town centre to encourage footfall throughout the town centre. Hinckley is the focus for LSTF which will encourage residents from the outlying areas to come into the town centre via alternative means to the car and the project will ensure the car is secondary to the pedestrian.
    - In Coalville a major development coming forward in the town centre which presents an ideal opportunity to improve some of the existing buildings in the town centre is called "Re-introducing the heritage". It will link these spaces with environmental improvements to areas such as Marlborough Square, in order that the pedestrian has dominance over the car and to provide links with the Local Sustainable Transport improvements that have recently been introduced.
  - 2. Melton Cattle Market & Food Enterprise Centre:** The Livestock Market is a key strand of economic activity in Melton Mowbray. The buildings and grounds are in need of replacement. Melton BC and its partners are committed to regenerating the market and equipping it to meet future needs and to support the rural economy. The development

will include; replacement of livestock auction buildings, training and support facilities, public access and visitor car parking, and a regional Food Enterprise Centre.

- This will enable new economic activity, significant business opportunities and a unique regional attraction for Leicestershire in keeping with its rural heritage. The Market attracts 167,000 visitors annually, with average spend of £30 per visitor and a gross spend estimated at £5.3m. The Food Enterprise Centre has the potential to generate 162 jobs, improve performance of 40 businesses, create or attract 37 new businesses to the region, and support 55 graduates into SMEs and rural land management businesses.
3. **Affordable Housing Programme:** The LLEP aims to support the development of new affordable housing to ensure that our growth is as sustainable and as inclusive as possible. We will do this in two ways; by directly supporting the delivery of affordable housing as part of our Affording Housing Programme and by assisting in the delivery and front loading of infrastructure.
- The LLEP will work with our local authority partners through our Leicester and Leicestershire Housing, Planning and Infrastructure Group (HPIG). This is the commissioning body for strategic evidence across the Housing Market Area and with housing policies set out in Local Plans and other key documents.
  - Our local authorities' partners in turn are also working with their registered providers and the private sector to produce an ambitious programme for delivering new affordable housing that builds on our successes to date. For example, Leicester City's current approved programme of Affordable Housing projects draws together local authority-owned land, HRA Borrowing, Right To Buy Receipts, HCA funds, planning-gain developer contributions and RSL resources resulting in a programme worth approximately £59m which will deliver 587 new affordable housing completions within the two-year period 2013-15.
  - By using our Growing Places Fund alongside Leicester City Council, the HCA, the Leicester Housing Association and with developer investment, we brought forward a brownfield site to develop 113 affordable homes and a further 8ha of development land releasing 150 new homes.
  - Within Leicestershire, there is commitment and resource, from local authorities and registered providers, to develop a 5-year plan of rural housing surveys establishing a pipeline of deliverable sites. Between 2011 and 2013, over £1m of the Leicestershire County Council's New Homes Bonus (NHB) was invested in building 49 affordable units in seven rural settlements. A further £639,755 was contributed from the District Councils towards these sites.
  - In 2013/14 and 2014/15, £500,000 of Leicestershire County Council's NHB has been committed per annum. The approach has also been broadened to include affordable homes for the ageing population. To date funding for 2013/14 has been directed towards four rural affordable housing schemes and two extra care schemes, with District Councils also contributing towards these schemes.
  - We will seek to direct a proportion of investment to support the provision of rural housing schemes linked to housing needs assessments for exception sites in rural locations. This process is dynamic; the LRP has been successfully working with registered

providers, the HCA, landowners and planning authorities in promoting exception sites and has delivered over 125 units in the last five years.

- The LRP is currently undertaking or has planned some 30 housing needs assessments over the next 12 months, with a further 40 housing needs assessments to be undertaken between 2015 and 2017. Based on experience the estimated time-lag between undertaking initial surveys, entering into negotiations with land owners, securing design and planning to start on site is 28-30 months. Within this context we fully expect rural units to come forward and will continue to work with the LRP with the HCA, registered providers and District Councils to support rural housing schemes that may be in need of additional funding to make schemes deliverable.
- Our local authorities and their partners are currently considering how best to respond to the HCA Affordable Housing Programme Funding Prospectus for 2015-18 to meet local housing needs and how best local resources can be used alongside a variety of mechanisms and interventions.
- Affordable housing can be secured via planning agreements on private-sector sites. Evidence suggests nationally and locally that potential barriers for us achieving the full potential of affordable housing need is the delivery assessment and requirements of other supporting infrastructure particularly for large scale developments. This presents local authorities with complex decisions in balancing housing need and infrastructure delivery; we will continue to work with our partners to ensure a balanced approach can be achieved by using our funds and assets to promote infrastructure delivery and assist affordable housing growth.

## Infrastructure, Workspace and Cultural Development Programme

Infrastructure, Workspace and Cultural Development - GP2									
A range of infrastructure, workspace and leisure investments will add substantial economic value across the sub-regional economy, and in some cases, especially outside of the Growth Areas. Improvements to infrastructure will be focussed on broadband, managed workspace, transport and visitor attractions. Support will also be given to the provision of workspace to support business growth.									
Those programmes and projects which will contribute most to our Growth Areas and Transformational Priorities are shaded salmon in the table below.									
Activity Summary	LGF £M							SLG Total	Project Total
	15/16	16/17	17/18	18/19	19/20	20/21			
Leicester & Leicestershire Accelerated Broadband	1.05	2.05						3.1	13.01
Leicester &	2	2	2	2	2	0		10	15

Leicestershire Pinch Points Integrated Transport Programme								
Midland Mainline Improvement Programme Market Harborough	3						3	24.5
Leicester & Leicestershire Managed Workspace Programme	4	6.2	5.1	4.6			19.9	40.5
South Wigston Innovation Centre	1.37						1.37	1.72
Growing Places Fund	10	Recycled returns						75
Leicester & Leicestershire Canals & Rivers Investment	1.46	1.49	1.13				4.08	4.89
Twycross Life Sciences Park European Excellence Centre	6.7	1.3					8	11
SME Capital Grants	5	5	5	5	5		25	240
<b>Outputs</b> <ul style="list-style-type: none"> <li>• 0.6 ha land released</li> <li>• 17,820 sq m workspace</li> <li>• 10,520 businesses supported</li> <li>• 3,733 jobs</li> <li>• 173 training places</li> <li>• 2.5km cycleway improvements</li> <li>• 4 apprenticeships</li> </ul>								

## Context and Rationale

- 3.71 Developing and diversifying our infrastructure offer is important for our long term sustainable economic growth. We will respond to the demands for new information technologies, upgrading and improving our road networks and deliver new infrastructure. This will provide certainty for wider investment and;
- Provide sustainable and affordable access to jobs
  - Reduce congestion and improve the movement of goods and service
  - Support the development of electronic communications infrastructure
  - Reduce pollution improve health and well-being
- 3.72 Growth is likely to generate an increase in traffic leading to increasing congestion and journey delays, the “economic costs of congestion” in Leicester and Leicestershire has been estimated at £153.5m pa. Connectivity is an important factor to businesses when considering where to locate as they require access to a strong supply of labour, as well as being able to transport intermediate and finished goods.
- 3.73 It is estimated that super-fast broadband investment in this area could result in economic growth totalling £92m over the next 7 years. We see Broadband investment as a critical platform providing diversification and wider business opportunities.
- 3.74 Sustainable transport initiatives are therefore required to try and counter balance the predicted increase in congestion across a range of different modes. In particular, Leicester has a significant opportunity to cater for new short journeys by sustainable transport, tackling pinch points and improving junction capacity will be an important activity in ensuring flow and movement.
- 3.75 In Leicester and Leicestershire around 20,000 people rely on the tourism economy for their jobs and the value of tourism is approximately £1.4b a year. We will look to support visitor and cultural and sporting attractions, with our countryside and extensive rivers and canal network means we have a strong base from which to attracts tourists.”

## Priority Projects and Programmes

- 3.76 The following projects and programmes will be delivered.
- 1. Leicester & Leicestershire Accelerated Broadband:** Similarly to transport investment, the movement of services, access to markets and the deployment of labour within a modern economy is heavily dependent on high speed broadband. The Government aims to ensure that all of the UK has access to the best broadband connectivity in Europe by 2015, using more innovative fixed, wireless and mobile broadband solutions, to reach at least 99% of premises in the UK by 2018.
- Broadband connectivity is emerging as a critical issue in Leicestershire affecting businesses and households. It has been identified that 72,500 homes and premises including 7,100 SME premises within Leicestershire will not receive improved broadband connectivity without public investment. This equates to 25% of all Leicestershire premises. It is estimated that super-fast broadband investment in this area could result in economic growth totalling £92m over the next seven years. Broadband Investment is a critical platform to support rural inclusion, providing diversification opportunities and

ensuring rural areas do not get left behind in an information economy.

- In August 2013, Leicestershire County Council signed a £16.9m contract with BT, enabling around 92% of homes and businesses in Leicestershire County and Leicester City to access high speed broadband within three years. It is expected that the first connections will go live in summer 2014 and the roll out will take two years to complete. In total around 50,000 additional premises within Leicester and Leicestershire will have access to super-fast fibre broadband though this project leaving 22,500 premises without access to high speed broadband.
  - An opportunity has arisen to further extend Superfast Broadband provision utilising funding allocated to the area by the Government's Superfast Extension Programme, and matching and supplementing this with SEP and other local funding to secure roll out to residents and businesses not currently served.
- 2. Leicester and Leicestershire Pinch Points Integrated Transport Programme:** In addition to new strategic transport infrastructure, the Local Transport Plans (LTP3s) for Leicester and Leicestershire include key priorities to increase sustainable travel, improve road safety and to maintain the network well and optimise use of our transport system.
- These LSTF projects are considered essential, they promote access to jobs and training for those living in areas of deprivation and/or without access to a car and free up congestion across Leicester and in market towns. They will also help to facilitate the planned growth together with the specific strategic transport infrastructure identified within the five Growth Areas.
  - A range of transport interventions are planned over the SEP period to include removal of bus pinch points, enhance walking and cycleway links, traffic management (such as junction improvements) and road safety schemes. Alongside the major transport interventions, these schemes are considered important to tackle congestion, promote accessibility and improve road safety across the LLEP area, with a particular focus on the Leicester Urban area and other areas of growth.
- 3. Midland Mainline Improvement Programme Market Harborough:** Line enhancements to realign the rail network through Market Harborough using land in the ownership of Network Rail would achieve faster journeys to London from Leicester and Loughborough and Derby, Nottingham, East Midlands Parkway. These improvements will enhance freight movement capacity on the national network and provide much needed upgraded facilities at Market Harborough station with step-free access.
- Funding for Network Rail agreed by the Office of Rail Regulation for the period 2014-19 did not include the Market Harborough scheme. However, stakeholders across the East Midlands have agreed to seek additional funding subject to the commissioning of an economic business case, this will be completed in July this year.
  - It is anticipated that central funds made available to Network Rail will not fund the Market Harborough scheme in full. Therefore the LLEP has allocated £3m as an 'in principle' allocation subject to the completion of the business case. Other agencies in Derbyshire and Nottinghamshire have/ or are considering allocating similar scale of funding.

- 4. Leicester & Leicestershire Managed Workspace Programme:** The Leicester and Leicestershire Workspace Study (WBM Ltd, 2010) identified key investment opportunities in Leicester, Loughborough, Wigston and Market Harborough for innovation and incubation space and Leicester and Melton Mowbray for food and drink manufacturing. The LLEP 2012 Business Survey identified the difficulty that small businesses face in finding the right space to both start and move on from as a major constraint to their growth. For many businesses, cost is a key factor. Generally there is a poor supply of good quality grade A commercial and industrial property across all sectors. However, there is a specific issue concerning opportunities around small and medium sized industrial and commercial units up to 1,000 sqm. This is an aspect which requires immediate intervention.
- Leicester schemes have been prioritised for the Waterside area, the Cultural Quarter and Pioneer Park. Proposals are currently being designed across Leicestershire in Coalville, Loughborough, and on the SUE developments such as Barwell and the Loughborough Generator project to deliver start up units to support business expansion. This has been informed by market information from managing agents and our partners. We will ensure that delivery matches market need and expectations and addresses areas of market failure particularly in relation to grow on space.
  - Managed workspace and grow on space will need to be cost effective to build, operate and occupy, and flexible in their use. A further critical factor for success is the provision of a range of support services including general administrative services and business support that is both comprehensive and specific, including legal advice, coaching and mentoring and access to finance. The provision of these commercial developments and the businesses they will accommodate will be targeted for support by the five flagship programmes in the Business Growth Hub.
- 5. South Wigston Innovation Centre:** This project was initiated by Oadby and Wigston Borough Council in reaction to the lack of suitable, supported, business accommodation of smaller scale for new start and locally based businesses and to counter the “out-commuting”. The South Wigston Innovation Centre will act as a catalyst for the local emerging business community responding to the new challenges for growth, creating the opportunity to become leaders in enterprise and innovation.
- The supply analysis indicates that the private sector has been poorly positioned to meet this demand, there are no managed workspaces within the Borough. The small amount of office space available is of questionable quality. The Innovation Centre will provide 17 affordable offices for the use of new start-up and fledgling businesses; a business post box and reception desk for-home based businesses; three meeting rooms for the use of tenants and the wider business community; a training room/seminar facility; a business base specifically accessible by people with disabilities who wish to start up and run their own businesses; and 34 desk spaces for hot-desk use by new and fledgling businesses.
- 6. Growing Places Fund:** Infrastructure is essential to realising the LLEP’s ambition for continued economic and housing growth, enabling it to happen and ensuring it is sustainable in both urban and rural settings. Forward funding of infrastructure can be challenging to secure in advance of development. In the current economic climate many otherwise viable schemes are not able to proceed because capital constraints have

reduced the flow of investment in the physical infrastructure which unlocks development stymieing the creation of much needed jobs and homes.

- We have used our Growing Places Funding (GPF) allocation to help address these constraints enabling targeted investment in pieces of infrastructure which has unlocked and accelerated development allowing schemes to realise development values which can subsequently be recycled to provide a longer term solution to infrastructure provision. We wish to build on this experience and replicate the approach in rural areas.
- The loan investments from our programme will begin repayments back into the fund during 2014/15 and by 2015/16 we will have £4.5m to reinvest in the local economy and align with SLGF and other capital resources to meet our SEP priorities and aspirations. A further £2.3m will be available in 2016/17 and £5.6m in 2017/18. We therefore wish to develop an Infrastructure Development Fund (drawing upon and expanding the learning within our Growing Places Fund) to stimulate additional housing completions within our SUEs and Strategic Employment Sites. This will be critically important to the delivery of our planned growth.

**7. Leicester & Leicestershire Canals and Rivers Investment Programme:** The drive for improved access to employment and the need for sustainable transport alternatives is an important issue. Long term sustainable infrastructure improvements are required to support business and growth in key movement corridors. Leicester and Leicestershire's canal and river network can make a contribution to this. The network can support health and well-being by providing formal and informal recreational opportunities, play a role in reducing carbon emissions and increased physical activity.

- The programme also has the ability to engage with a wide audience of stakeholders, including local communities and visitors that make over 15 million visits a year just to this East Midlands waterway area. This waterway area has a 10 year strategic plan with direct reference to the need for the waterways to connect to key development and employment sites such as MTPEZ.
- Principal outcomes will be an improved connectivity, free alternative sustainable transport options and enhanced visitor experience and subsequent increased visitor numbers through the improvements to the Leicester and Leicestershire and supporting development and business growth in the rural economy.
- The Programme consists of four projects, located at the following sites:
  - MIRA Technology Park sustainable transport link, Hinckley
  - Foxton Locks, Market Harborough
  - Husbands Bosworth visitor moorings, Market Harborough
  - Welford Warehouse restoration, Market Harborough
- The Programme is to be delivered from 2015/16 through to 2017/18 and is expected to generate or secure 11-13 FTE jobs, create 126 sqm of new business space, return to use a redundant Grade2 rural building, provide enhanced tourism facilities at one of the top three attractions in the East Midlands, create and enhance 2.5km of sustainable infrastructure, and lever in over £900k of external funding.

**8. Twycross Life Sciences Park European Excellence Centre:** The Twycross Institute of Life Sciences will be a Centre of Excellence for research, education and public engagement in

the life sciences with a focus on primates. It will be composed of the proposed developments in conjunction with existing Twycross Zoo enterprises which include a veterinary teaching centre which teaches 100 veterinary students annually; an education department; an internationally renowned Life Sciences Department that hosts over 60 research placements annually and apprenticeships.

- The investment will create an extra 39 jobs, at least 4 additional apprenticeships and 23 STEM training opportunities. It will produce an additional 250,000 visitors per annum by year 3 which will deliver an extra £8.5 million annually to the local economy.
- This investment will unlock the potential to create a unique STEM orientated training facility, creating jobs and delivering skills training in a science-based programme including psychology, behavioural science and veterinary medicine and in other skill areas including marketing and horticulture. The investment will also support the delivery of research and educational facilities at Twycross Zoo.

**9. The SME Capital Grants programme is set out in the Business Chapter.**



**Investing in our  
Businesses**

## 4. INVESTING IN OUR BUSINESSES

1. Rationale	2. Objectives for 2020	3. Activities/ Programmes
<p><b>Business development</b></p> <p>3 year business survival rates are below England average. But 70% of SMEs express growth aspirations</p> <p><b>Industrial structure and growth sectors</b></p> <p>Higher than average employment in sectors with competitive advantage</p> <p>Good representation in sectors with growth opportunities (e.g. environment and low carbon, space and aerospace)</p> <p><b>Innovation potential</b></p> <p>High proportion of businesses with no R&amp;D spend</p> <p>Lower proportion of knowledge intensive employment than nationally</p>	<p><b>Business support</b></p> <ul style="list-style-type: none"> <li>Support 12,000 businesses to increase competitiveness and grow</li> <li>Increase 3 year survival rates to national average</li> </ul> <p><b>Support for growth</b></p> <ul style="list-style-type: none"> <li>Create 10,000 jobs</li> <li>Increase GVA from £19b to £23b</li> </ul> <p><b>Enhance innovation</b></p> <ul style="list-style-type: none"> <li>Increase the proportion of businesses with R&amp;D spend to national average</li> <li>Increase proportion of knowledge intensive employment to national average</li> </ul>	<p><b>Business Growth Hub</b> will coordinate activities and transform current partnership working to provide four flagship programmes. These are:-</p> <ul style="list-style-type: none"> <li>Economic intelligence</li> <li>Business support programme</li> <li>Sector-based support programme</li> <li>Innovation support programme</li> <li>Low carbon support programme</li> </ul>
<p><b>HIGHER &amp; FURTHER EDUCATION</b></p> <p>Three universities with world class excellence</p> <p>Very strong FE sector</p>	<p><b>Knowledge transfer and innovation</b></p> <p>Evidence of Higher and Further Education organisations supporting growth sectors and businesses</p>	<ul style="list-style-type: none"> <li>Expert input to the preceding programmes</li> </ul>

### Introduction

- 4.1 This chapter explains the LLEP approach to stimulate businesses competitiveness and growth. We have taken a strategic approach to business development by identifying problems and opportunities and working with partners to identify cost-effective solutions to meet agreed objectives for 2020.
- 4.2 This chapter provides the business case to demonstrate how we plan to combine four

funding sources (City Deal, ESIF, the Single Local Growth Fund and other local funds) to develop a Business Growth Hub to provide a comprehensive signposting and support service to help our businesses grow.

- 4.3 This will transform current activities, leverage additional resources and provide value for money solutions and activities to meet clearly articulated objectives in five flagship programmes that address local problems and enhance opportunities.

## Context and Rationale

- 4.4 The 'Place' chapter identified significant opportunities to attract new business investment. However, much of our growth is likely to come from indigenous businesses, at different growth stages, and these organisations will have a wide range of support needs. The summary table on the previous page presented evidence of problems and opportunities related to four key areas.
- 4.5 **Business structure and development.** The LLEP area is home to around 33,100 VAT and PAYE registered businesses (8,600 based in Leicester and 24,500 in Leicestershire). The majority of these businesses (94%) employ less than 20 people and most businesses have a turnover below £250k. Business start-up rates in the LLEP area lag behind the England average but the rate of increase over the past two years has been greater than the national growth rate. Three year business survival rates in Leicester City are currently below the England average. But once established, a Leicester and Leicestershire Business Survey, indicated that 70 per cent of our existing businesses have growth plans.
- 4.6 However, businesses face a number of concerns which could constrain growth and include: high energy costs, unsuitable premises, staying ahead of the competition, complying with regulations, reaching new customers and markets, cash flow, access to finance and finding suitable staff. Our local businesses have reported that they are confused about how to access the support that they need to grow and they believe the current business support is fragmented and inconsistent in quality. This confusion and lack of well signposted support for growth needs to be addressed. Addressing this problem will support objectives expressed in the National Plan for Growth<sup>21</sup> that emphasised the need to support small firms, the provision of finance for new start-ups and the promotion of exports.
- 4.7 **Industrial structure and growth sectors.** Chapter 2 outlined the sector structure of our local economy and highlighted our area's relatively high concentrations of employment in the manufacturing and logistics sectors. A number of our key investments in the Place Chapter seek to provide the infrastructure to support logistics and manufacturing sector strengths and to maintain this comparative advantage. In addition, our area has a growing services sector, with business and professional services making a high contribution to GVA and they are projected to grow further. There are some significant local specialisms in creative design.
- 4.8 The LLEP 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 to suit a workforce with a diverse range of skills and capabilities.

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<sup>21</sup> HM Treasury (2011) The plan for growth <https://www.gov.uk/government/publications/plan-for-growth--5>

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.

- 4.9 The sectors we have identified for support to grow are generally closely aligned with the sectors identified in the Treasury Plan for Growth.
- 4.10 **Innovation potential and growth.** Innovation is widely recognised as a major driver of increased productivity and business growth. For the LLEP area to meet its growth ambitions, promoting and embedding innovation will be essential to underpin success. Innovation can be defined in a broad sense 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.’
- 4.11 Innovation features prominently in our ESIF strategy, recognising not only its importance to the LLEP economy but also the opportunity to work in partnership with other LEP areas to develop programmes of national significance.
- 4.12 A high proportion of our local businesses have made no financial investment in R&D. There appears to be a mismatch between the innovative output of our universities, the FE sector and the business formation in our area. This is illustrated by the fact that the LLEP area has a lower proportion of knowledge intensive employment than is the case nationally and in some of our neighbouring areas.<sup>22</sup>
- 4.13 The Treasury Plan for Growth highlights that just over 40 per cent of UK manufacturing firms are involved in technological innovation, lower than Germany at over 70 per cent, Sweden at over 50 per cent and several other countries.<sup>23</sup> A survey of local businesses found that a high proportion of businesses have made no financial investment in R&D. In recent surveys business cited costs<sup>24</sup> (direct costs are too high; finance is difficult and costly to raise), excessive perceived risk and a lack of information on technology or markets<sup>25</sup> as barriers to innovation. These barriers will be addressed at the local level by our innovation support programme.
- 4.14 Fortunately, our LLEP area has some significant areas of world class expertise, both within its Universities and within research institutions such as MIRA. The expansion to the Technology Park will see the creation of Europe’s most advanced independent transport technology facility. MIRA is already home to 32 world-class automotive firms including Jaguar Land Rover and Toyota. The MIRA Enterprise Zone is set to become a global centre for automotive R&D and could be the location for the Advance Propulsion Centre. Similarly, there are opportunities at Loughborough University around the Energy Systems Catapult.
- 4.15 **Higher Education.** De Montfort, Leicester and Loughborough universities are located in Leicester and Leicestershire – each offers excellent teaching, world class expertise and research specialisms (see table 2.7 in Chapter 2). They provide an opportunity to catalyse innovation and support business growth across the five flagship business growth programmes. Indeed the Treasury Growth Plan highlights the need for university-business collaboration and funding has been maintained and reformed to support these links.

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<sup>22</sup> NOMIS June 2013

<sup>23</sup> Eurostat data

<sup>24</sup> BIS First National Innovation Survey 2011

<sup>25</sup> UK Innovation Survey 2009: Statistical Annex, Department for Business, Innovation and Skills, November 2010

- 4.16 The recent review by Sir Andrew Witty identified the unique expertise of Universities as “arrow heads” of innovative activity within a region/nation state. The review suggested a focus on investment in "new technologies through mobilising national clusters in fields offering significant international markets." This viewpoint supports the role that higher education can play in supporting our growth sector programme.
- 4.17 Despite this potential only 15% of local businesses with over five employees have worked with a university in the last three years, although this is higher than reported nationally in the BIS Innovation survey, highlighting the potential for enhanced collaboration. There appears to be a mismatch between the innovative output of our Higher Education sector and number of innovative businesses and collaboration.
- 4.18 **Low carbon economy development.** We have a strong emphasis within our ESIF strategy to support the low carbon economy and have allocated resources under Thematic Objective 4. Investment in the low carbon economy will generate new jobs, products, infrastructure and business opportunities.
- 4.19 Low carbon is a cross cutting theme of great importance to a number of our priority sectors as well as a priority sector in its own right. An example is Food and Drink Manufacturing, where there is intense pressure to reduce costs and raise productivity. This is a highly competitive sector, with buying power concentrated in a small number of national supermarkets. Managing waste, lowering energy costs, effective disposal of waste water and smarter logistics are central to this agenda.
- 4.20 Our research with local businesses has shown that rising energy and fuel costs are a significant concern – especially in the manufacturing and logistics sectors. However, we have observed relatively limited take-up of low carbon business support initiatives.

### **Effective Resource Allocation and Governance**

- 4.21 Business Council<sup>26</sup> members and representatives of the wider business community have worked with the LLEP to consider the challenges and opportunities facing different types of business and sectors. A number of important key priorities were agreed and partners have identified new and enhanced ways of working together to transform the way business support is provided.
- 4.22 Methods to transform business support have already been included in our City Deal submission and ESIF strategy. Key partners have agreed to work together to establish a **Business Growth Hub** which will facilitate a more cost-effective coordinated approach to provide and signpost business support in the LLEP area by pooling local, central and other funding and resources.
- 4.23 Clear and effective arrangements for decision-making, resource allocation and delivery have been agreed. Local economic information and business community engagement will be enhanced and shared to provide a sound evidence base to ensure decisions necessary to drive business growth across the locality can be taken quickly and effectively. Stronger relationships with the business community will be achieved through the **Business Growth Hub**. The Hub will be managed through a new **LLEP Business Development and Innovation Board** which reports to the LLEP Executive. It will provide a focus for:

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<sup>26</sup> The Business Council represents the views of over 10,000 local businesses – one third of our total business base

- **Strategic business development** – responding to local economic intelligence, maximising our access to funding streams and making optimum use of funding to meet local needs.
- **Operational business support and innovation planning** – to better support business growth and innovation activities and Transformational Priorities in our Growth Areas.
- **Employer engagement** – so that we can understand and respond to changing business support requirements and influence provision.
- **Collaboration** – between businesses, colleges and universities to catalyse business development activities.

4.24 A careful assessment of local capacity and the capability to deliver activities has been undertaken. Many options have been considered, underpinned by evidence of ‘what works’, to identify value for money activities that will meet LLEP objectives for 2020.

4.25 Partners have already articulated a strategy to deploy resources to ensure delivery of activities to meet objectives. A realistic assessment has been undertaken of what can be delivered by whom and when, taking account of capacity, constraints, considering risks and dependencies. The agreed resources are sufficient to achieve the outputs shown in the table below.

Resource Summary	Total	15/16	16/17	17/18	18/19	19/20	20/21
Local Growth Fund Ask	£30m <sup>27</sup>	5.5	5.5	5.5	5.5	5.5	
City Deal	£10m <sup>28</sup>						
ESIF	£40m	yes	yes	yes	yes	yes	yes
Other local funding	£14m						
<b>Outputs</b> <ul style="list-style-type: none"> <li>• <b>12,000 businesses supported</b></li> <li>• <b>3 year business survival rates in line with national average</b></li> <li>• <b>10,000 jobs created</b></li> <li>• <b>£4b GVA growth</b></li> <li>• <b>Increased investment in R&amp;D</b></li> </ul>							

4.26 We estimate the **Business Growth Hub** will provide a major transformation in comparison with current activities by providing **12,000** additional businesses with support and **10,000** extra jobs by 2020 (in comparison with existing arrangements).

4.27 Details of the activities that will be undertaken by the **Business Growth Hub** are provided in the next section.

<sup>27</sup> £27.5m capital and £2.5m revenue for the Growth Hub

<sup>28</sup> To be spent by March 2015

## **Delivering the New Activities**

- 4.28 The **Business Growth Hub** will oversee five flagship programmes that address the problems and exploit the opportunities identified earlier in this chapter.
- 4.29 The five flagship programmes to take forward these activities are:-
1. **Economic intelligence to underpin sector based plans and proactively identify businesses for support**
  2. **Business support programmes**
  3. **Sector based growth plan development**
  4. **Innovation support programme**
  5. **Low carbon business support programme**

### **Economic Intelligence**

- 4.30 Economic intelligence will provide strategic information to support effective decision-making, resource allocation, monitoring and evaluation. This will ensure a robust evidence base is available to ensure decisions necessary to drive business and sectoral growth across the locality can be taken quickly and effectively.
- 4.31 Identification of growth businesses, competitive sectors and market trends or opportunities provided by technology will enable those delivering business support activities to better target businesses or sectors they are supporting. It will also assist in improving the quality of help and assistance that can be provided.
- 4.32 Enhanced economic intelligence will enable business support activities to take a more informed and pro-active approach in supporting businesses rather than the more traditional reactive approach that only responds when businesses approach organisations for support.
- 4.33 Economic intelligence gathering and synthesis will be a core activity to underpin, guide and contribute to Business Growth Hub services. The economic intelligence function will be closely aligned with the local labour market activities undertaken by the Employment and Skills Hub. Cooperation and joint working will be important to ensure synergies are identified.
- 4.34 Growing businesses are probably the most likely to be recruiting new employees or the most likely to encounter skills shortages. These barriers to growth can be addressed by the activities undertaken by the Employment and Skills Hub. Equally growing businesses will probably be more likely to have vacancies that might be filled by the unemployed and apprentices being supported by Employment and Skills Hub activities.

### **Business Support Programmes**

- 4.35 Leicester City's three-year business survival rates are lower than the national average, but a large proportion of businesses in the LLEP area have plans to grow. The National Growth Plan has emphasised the need to support small firms.
- 4.36 In our City Deal and ESIF strategy documents we set out our intention to establish a Business Growth Hub. This will provide a one-stop signposting service to direct businesses to relevant local and national support programmes – including access to finance and grants. Through ESIF we then plan to commission additional targeted support programmes that will complement national schemes and stimulate growth amongst our SME base. We will also develop an account management service to inward investing businesses and established

indigenous businesses to both encourage and retain investment in the local economy. Through the Business Growth Hub we will facilitate access to finance for small and medium sized businesses. As part of our ambition within **the SEP we wish to extend our business support programmes through to 2020.**

4.37 Key business support programme activities will include:-

<p><b>Business Support Programme Activities</b></p>
<p><b>Business Growth Hub</b></p> <p>Establish a <b>Business Growth Hub</b>. Comprehensive service to support local businesses. Including a ‘triage’ system to eliminate current confusion about what is available to help local businesses and those wishing to start a business. Following ‘triage’ businesses will be signposted to national and local programmes. Key elements of the Business Growth Hub include:</p> <ul style="list-style-type: none"> <li>• Website</li> <li>• Telephone service</li> <li>• Face to face service</li> <li>• Central database of available national and local support</li> <li>• Network of private sector, public sector and third sector gateways offering businesses a choice of interface with the central database</li> <li>• Market intelligence gathering to inform future programmes and help to identify skills needs (to be addressed through People chapter interventions)</li> </ul>
<p><b>Targeted Business Support Interventions to include:</b></p> <ul style="list-style-type: none"> <li>• <b>Growth Readiness programme</b> to develop a pipeline to pro-actively identify growth businesses to feed into national programmes such as the Growth Accelerator and to be targeted through one-to-one interviews for support from all relevant local support services</li> <li>• Establishment of a Leicester and Leicestershire <b>Business Mentoring Programme</b></li> <li>• <b>High growth start up</b> support linked to innovation centres and sites such as Pioneer Park</li> <li>• <b>International Trade support</b> programmes building on local international trading contacts and networks to fast track access to foreign markets, to complement and add value to existing UKTI activities</li> <li>• <b>Key account service to inward investing companies</b>, to ensure they receive the help they need to integrate into the local economy both before and after locating in the area – e.g. support with premises, finding skilled staff, international trade, supply chains etc.</li> <li>• <b>Key account service to indigenous medium /large sized employers</b>. The account managers will help them grow and address barriers they face, with a view to retaining investment in our area.</li> <li>• <b>Local procurement taskforce</b> will champion buying services and supplies locally whilst developing SMEs through the Growth Hub to have the right skills and capacity to bid for contracts</li> </ul>
<p><b>Business Grant Programmes (LLEP specific)</b></p> <ul style="list-style-type: none"> <li>• <b>Large Grants to Medium Sized Businesses</b> - we will use <b>£5m of our RGF4</b> allocation on a programme of capital grants of £150k to £1million for medium sized businesses. This will lever in <b>£45m</b> of private sector investment and create <b>400</b> direct new jobs.</li> <li>• <b>Micro Grants to Small Businesses</b> - We propose to use <b>£4m of our RGF4</b> allocation on a programme of <b>micro grants for small businesses</b>. This will lever in <b>£8m</b> of private sector investment and create 343 direct new jobs.</li> <li>• We would like to continue to make capital grants to businesses throughout the SEP plan period – at</li> </ul>

£5m per year – to lever in £225m and create 2000 jobs.

### Access to Finance (East Midlands)

LLEP is pursuing a **collaborative Financial Instrument** through the ESIF strategy to improve SME access to finance with the other East Midlands LEPs. Proposed actions include:

- Explore the opportunity to generate a regional wide Access to Finance Scheme with other regional LEPs and whether ESIF can extend RGF 4 activities
- Promote investment readiness programme
- Develop financial support for social enterprises
- Develop a fund to help HE spin out businesses reach commercialise viability

### ICT Business Support Programme

- Delivered through **Business Growth Hub** – programmes of support to ensure that businesses receive the support they need to make best use of new technology and ICT to enhance their competitiveness.

Activity Summary	Funding sources			Activity operational				
	CD	ESIF	SLGF	15/16	16/17	17/18	18/19	19/20
Business Growth Hub	Yes	Yes	£2.5m	£0.5m	£0.5m	£0.5m	£0.5m	£0.5m
Targeted business support		Yes	Yes	Yes	Yes	Yes	Yes	Yes
Business grant programmes	Yes	Yes	£25m	£5m	£5m	£5m	£5m	£5m
Access to finance		Yes		Yes	Yes	Yes	Yes	Yes
ICT business support		Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Total Funding</b>			<b>£27.5m</b>					

### Sector Based Growth Plans

- 4.38 Our Business Council members 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 table 4.1.

**Table 4.1 Proposed Key Sectors for Intervention 2014-20**

Higher than average concentrations of employment and competitive advantage. Aim is to accelerate enterprise growth	Sectors where aim is to i) increase employment ii) drive up earnings and GVA, iii) improve survival and productivity	Sectors where there are local opportunities for growth and expertise in HE and FE	Core sectors with significant “churn” and replacement demand (includes lower skilled and entry level jobs)
Distribution and Logistics High-Technology Manufacturing 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		Develop commercial applications from HE/FE knowledge	Focus for addressing worklessness

4.39 We also 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. This sector will be taken into account when developing the infrastructure project plans highlighted in the Place chapter.

4.40 Sector based growth plan activities are summarised below.

<b>Sector Growth Plans Key Activities</b>
<ul style="list-style-type: none"> <li>• Sector growth plans will be developed for each of the sectors in table 8.1. These plans will also link with the wider aspirations of the Growth Areas and Growth Programmes highlighted in the Place Chapter.</li> <li>• The initial priority will be given to logistics, manufacturing, business and financial services, tourism &amp; hospitality and creative design.</li> <li>• The sector plans will explore the potential for capitalising on agglomeration opportunities by linking strong sectors together e.g. linking transport technology to the logistics sector and manufacturing sectors.</li> <li>• Joint work will be commissioned to identify specific actions to promote and accelerate the development of emergent sectors.</li> <li>• The sector growth plans will include skills plans that are set out in more detail in the People Chapter.</li> </ul>

Activity Summary	Funding sources			Activity operational				
	CD	ESIF	SLGF	15/16	16/17	17/18	18/19	19/20
Sector growth plan development				Yes	Yes	Yes	Yes	Yes
Sector growth plan implementation				Yes	Yes	Yes	Yes	Yes

### **Innovation Support Programme**

- 4.41 Innovation support activities will be linked to the Business Growth Hub. In particular, we will promote innovation in new technologies, products, services and processes through the Business Growth Hub and signpost businesses to appropriate sources of support. Innovation support will also encourage closer working between universities, the FE sector and our local business community.

<b>Innovation Support Programme Activities</b>
<p><b>Support for SME innovation</b></p> <ul style="list-style-type: none"> <li>• Promote take up of innovation amongst our SMEs through the Business Growth Hub.</li> <li>• Encourage closer working between HE sector, FE sector and business community e.g. through knowledge transfer partnerships, working with Business Schools etc.</li> <li>• Development of supply chain programmes</li> <li>• Support local businesses to obtain more Technology Strategy Board investment</li> </ul>
<p><b>Commercialisation of R&amp;D</b></p> <ul style="list-style-type: none"> <li>• Develop programmes based on HE research strengths to improve local commercial exploitation</li> <li>• Development of incubation / innovation / demonstration facilities located close to HE / FE establishments</li> <li>• Promote LLEP's world class knowledge base to attract global R&amp;D opportunities</li> </ul>
<p><b>High technology start ups</b></p> <ul style="list-style-type: none"> <li>• Provide support for HE/FE spin outs through creating seed investment funds to promote early stage development</li> </ul>
<p><b>Attracting R&amp;D Investment to LLEP area</b></p> <ul style="list-style-type: none"> <li>• Programmes to attract new R&amp;D investment into the LLEP area, linked to our strengths in HE, FE and private institutions such as MIRA.</li> </ul>

Activity Summary	Funding sources			Activity operational				
	CD	ESIF	SLGF	15/16	16/17	17/18	18/19	19/20
Support for SME innovation		Yes		Yes	Yes	Yes	Yes	Yes
Commercialisation of R&D		Yes		Yes	Yes	Yes	Yes	Yes
High technology start-ups		Yes		Yes	Yes	Yes	Yes	Yes
Attracting R&D investment		Yes		Yes	Yes	Yes	Yes	Yes

#### Low Carbon Business Support Programme

- 4.42 Through the **Business Growth Hub**, we will develop an integrated programme of support to businesses to raise awareness of how they can save money/improve efficiency through low carbon investment.
- 4.43 In addition, we would like to stimulate growth and investment in the environmental technology sector (see table 4.1) and have commissioned a scoping study to influence how we will take this forward.
- 4.44 In our ESIF, we also highlighted the need to develop the use of SMART environmental technology and supply chains through promoting the market in low carbon environmental technologies.

Low Carbon Support Programme 2015/16 to 2019/20								
Activity Summary	CD	ESIF	SLGF	15/16	16/17	17/18	18/19	19/20
Low carbon business support – to raise awareness and stimulate market		Yes		Yes	Yes	Yes	Yes	Yes
Support to start up and existing businesses in environmental technology sector (through <b>Business Growth Hub</b> )		Yes		Yes	Yes	Yes	Yes	Yes
Development of SMART technology supply chains		Yes		Yes	Yes	Yes	Yes	Yes

### **Business Skills Support Programme**

- 4.43 It is vital that our businesses have the leadership and management skills to grow. However, 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 of our small businesses to grow and productivity to increase. The flexibility of training provision is vital, with businesses wanting access to 'bite size' courses. Our proposals for developing leadership and management skills and more general business skills are set out in the following 'People' chapter.



**Investing in  
our People**

## 5. INVESTING IN OUR PEOPLE

1. Rationale	2. Objectives for 2020	3. Activities/ Programmes
<p><b>SKILLS: Low levels of skills in the workforce</b> Low levels of NVQ4 in the work force (LLEP ranked 27 out of 34 LEPs)</p> <p><b>SKILLS: Overcoming skills shortages</b> 23% of employers report skills shortages</p> <p><b>UNEMPLOYMENT</b> 16,600 claiming jobseekers allowance (Jan 2014) 43,000 unemployed<sup>29</sup></p>	<p><b>Enhancing skills</b></p> <ul style="list-style-type: none"> <li>Increased proportion of workforce qualified to NVQ4 equivalent to national average (29.6% to 34.2%)</li> <li>Increased proportion of workforce qualified to NVQ2 equivalent to national average (69.7% to 71.8%)</li> <li>10,000 people to participate in skills development</li> <li>6,000 new apprenticeships, traineeships and work placements created</li> </ul> <p><b>Addressing skills shortages</b> Reduced proportion of businesses reporting shortages by 50%</p> <p><b>Reducing unemployment</b> Unemployment reduced by 50%, including youth unemployment</p>	<p>An <b>Employment and Skills Hub</b> will coordinate activities and transform current partnership working to provide six flagship programmes. These are:-</p> <ul style="list-style-type: none"> <li>Labour market information and guidance</li> <li>The Skills Metro</li> <li>Capital investment to improve skills infrastructure</li> <li>Growth Area and priority sector skills plan development</li> <li>The Leicester and Leicestershire to Work Gateway</li> </ul>
<p><b>HIGHER &amp; FURTHER EDUCATION</b> Three universities with some world class excellence. Very strong FE sector</p>	<p><b>Retention and knowledge economy</b> Better graduate retention Develop the knowledge economy</p>	<ul style="list-style-type: none"> <li>Higher level skills development and retention</li> </ul>

### Introduction

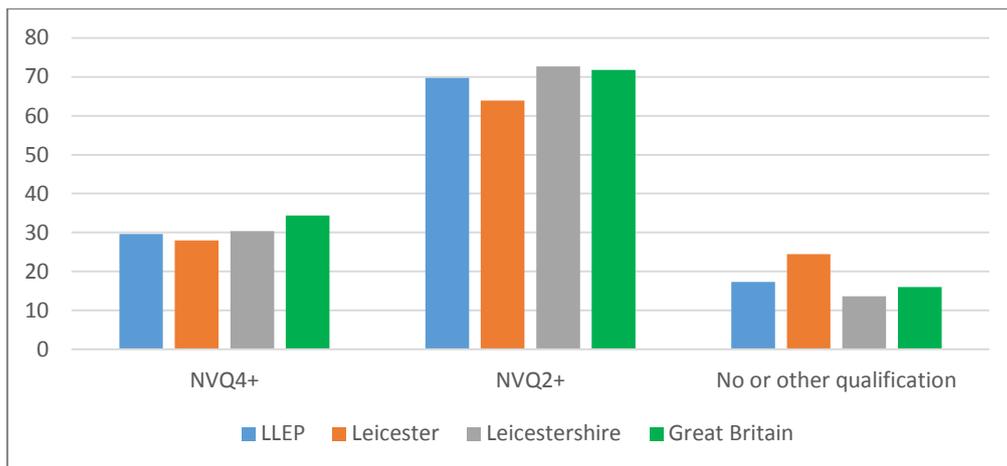
- 5.1 This chapter explains the LLEP approach to investing in our people to provide them with the maximum opportunity for advancement and to ensure we have the right skills to support growth ambitions for the local economy. We have taken a strategic approach to skills planning by identifying problems and opportunities and working with partners to identify cost-effective solutions to meet agreed objectives for 2020.
- 5.2 The chapter provides the business case to demonstrate how we plan to combine three funding sources (City Deal, ESIF and the Single Local Growth Fund) and local funding to support an Employment and Skills Hub. This will build upon current activities, leverage additional resources and provide value for money solutions and activities to meet clearly articulated objectives in six key flagship programmes that address local problems and enhance opportunities.

<sup>29</sup> Based on modelled estimates

## Context and Rationale

- 5.3 In order to prosper and grow, our businesses require people who have the right skills, experience and qualifications both now and in the future. Our economy also needs people who are enterprising and creative. At present we have evidence of problems and opportunities related to three key areas: skills mismatches, unemployment and the retention of higher level skills.
- 5.4 **Skills:** There is 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.
- 5.5 Qualification levels in the LLEP area workforce have improved significantly but remain below national levels (Chart 5.1), and this is especially marked in Leicester City, where 14% of the resident workforce still have no qualifications (compared to 9.7% in Great Britain).

**Chart 5.1 - Workforce Qualifications (% of working age population 2012)**



Source: ONS (2012) Annual Population Survey

- 5.6 There are relatively low levels of skills across all three NVQ levels in the workforce. At NVQ Level 2 Leicester and Leicestershire ranks 23 out of 33 LEPs (for which data was available from the ONS 69.7% vs. 71.8% in England<sup>30</sup>). At NVQ Level 3 Leicester and Leicestershire ranks 24 out of 33 LEPs (52.5% vs. 54.9% in England).
- 5.7 Skills shortages are most apparent at NVQ Level 4 where Leicester and Leicestershire rank 27 of 33 LEPs<sup>31</sup>, almost five per cent below the national average (29.6% vs. 34.2% in England). Addressing local skills issues will contribute to national strategies to promote skills development BIS provided evidence that the UK working age population has lower skills than the workforces in France, Germany and the USA and this is a major contributing factor to the

<sup>30</sup> ONS LEP Profiles comparator

<sup>31</sup> Data only available for 33 LEPs (ONS data)

15 per cent productivity gap with the UK's main competitors<sup>32</sup>.

- 5.8 **Unemployment.** 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). There are currently 16,300 Job Seekers Allowance (JSA) claimants in the LLEP area and it is estimated that true unemployment is much higher at around 43,000.<sup>33</sup> Youth unemployment is also a significant concern with over 4,100 young people claiming Job Seekers Allowance (JSA) in our area especially in Leicester City (60% of 18-24 JSA claimants are Leicester residents). The National Plan for Growth<sup>34</sup> also emphasised the need to address the UK's long-term youth employment problem. High unemployment levels represent an under utilised resource in the local economy.
- 5.9 **Higher Level Skills.** There are three universities in Leicester and Leicestershire; De Montfort University, University of Leicester and Loughborough University; each offers excellent teaching, world class expertise and research specialisms (see Chapter 2, table 2.7). Along with the FE sector, they provide an opportunity to enhance the proportion of people qualified to NVQ Level 4 or equivalent in the workforce.
- 5.10 There is also an opportunity to do more to retain our graduates and indeed attract graduates from other areas of the country. This will help develop the knowledge economy by enhancing the competitiveness of existing businesses and by attracting inward investment into our area.
- 5.11 There is a very 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. This is also underpinned by excellent collaborative working between FE Colleges – as evidenced by the production of a joint FE prospectus for employers in partnership with the LLEP.
- 5.12 The National Plan for Growth highlighted that although the UK has one of the most successful higher education systems in the world, businesses regularly report difficulties in recruiting graduates with suitable skills.
- 5.13 The rationale for intervention adopted in this economic strategy will help to support government's commitment<sup>35</sup> to:-
- Create a more educated workforce that is the most flexible in Europe.
  - Increase participation of 16-24 year olds in employment or learning.
  - Narrow the educational attainment gap, allowing everyone to meet their potential.
- 5.14 To further investigate these problems and opportunities and to provide a clear local understanding of key issues and an evidence base for action the LLEP conducted a comprehensive **Skills Needs Assessment**<sup>36</sup> in 2013. The assessment drew upon the strong local relationship with the business community. Extensive consultation was undertaken with the business community, providers of education and training and other stakeholders to

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<sup>32</sup> Office for National Statistics data

<sup>33</sup> ONS APS Data (Oct 2012 to Sep 2013) – modelled unemployment

<sup>34</sup> HM Treasury (2011) The plan for growth <https://www.gov.uk/government/publications/plan-for-growth--5>

<sup>35</sup> HM Treasury (2011) The plan for growth p5

<sup>36</sup> The LLEP's Skills Needs Assessment can be accessed at [www.llep.org.uk](http://www.llep.org.uk)

investigate local circumstances, to develop options and engender local commitment to prioritise and coordinate activities.

- 5.15 The Skills Needs Assessment recommended a number of priority areas for action that underpin the strategy and activities described in the remainder of this chapter. At a more strategic level, recommendations included:

**Utilisation of good quality Labour Market Information:** It is important that local decision making is informed by labour market information and that individuals, employers, providers and funders have access to the best information available. Information will ensure that optimal activities are identified and partners work together to improve efficiency and effectiveness. Labour market information also needs to encompass the broader strategic agenda. Changes in employment and skills requirements will arise as a result of issues such as sustainable transport, and accessibility, affordable housing and childcare and the introduction of more flexible working practices.

**Enhancing employer and provider relationships:** As well as statistical labour market information communication mechanisms are required to enable the business community to contribute to the on-going relevancy of training and education curricula. Development of academy approaches, supply-chain training and employer training groups will be enhanced by dialogue and communication with the business community.

**Addressing structural mismatches:** Demographic changes suggest that potentially there will not be sufficient economically active working age people to meet all employer needs as we move towards 2020. Yet, there remain long-term unemployed and workless individuals wanting work - it is economically and socially important that those out of work but wanting work are supported to better match the needs of the labour market.

- 5.16 Evidence based recommendations related to skills development included:

**Development and retention of skills required by local employers** - The Skills Needs Assessment highlighted significant job openings across a wide range of sectors. For example the highest volume of job openings will be at the professional level, with high demand for science and technology professionals. Skills requirements will also arise in growing sectors such as logistics and care. The need for a strong focus on the supply, and retention, of 'economically valuable' skills that match requirements within the local economy was highlighted. Particular concerns around meeting the needs for Science, Technology, Engineering and Mathematics skills (STEM) were emphasised.

**Enhancing employer demand and utilisation of skills:** The Assessment noted that employers and the business community have a central role to play in optimising demand for, and utilisation of, skills within their business. Many employers may need support with workforce and succession planning to help reduce skills mismatches now and in the future.

**Flexible, innovative and part-time learning:** The Assessment stressed that greater opportunities should be offered to enable learning on a part-time basis, with flexible access, especially at a higher education level and in ‘employer demanded’ subjects. This will improve opportunities for in-employment learners to improve their skills levels and update their skills.

**Creation of career and skills development pathways:** The business community highlighted that employers need to better formulate and structure career pathways from lower to intermediate skills roles. Suggested methods included ‘growing your own’ solutions rather than relying on ‘off-the-shelf’ recruitment solutions, and the need to offer a wider range of entry points to bring in people at different ages and/or skills levels.

- 5.17 The Skills Needs Assessment also highlighted the need for enhancements in **the provision of Information, Advice and Guidance**. Enhanced communication with learners, those in or out of employment and the business community is required to increase awareness of opportunities available now and in the future. There also needs to be greater visibility/increased understanding of the vocational pathways that lead to higher education level qualifications, alongside the traditional academic routes. Enhancement of activities such as work experience, employer ambassadors, and strong education and business links were also recommended.
- 5.18 Recommendations provided by the Skills Needs Assessment have been central in prioritising options and ensuring that resource allocation and delivery can support skills development across the whole area.

### **Effective Resource Allocation and Governance**

- 5.19 The Employment and Skills Strategy Board has considered the evidence and recommendations from the Skills Needs Assessment and hosted a number of consultation events with providers and employers. A number of important key priorities were agreed and partners have identified new and enhanced ways of working together to improve the way skills development is undertaken.
- 5.20 Through the SEP and building on City Deal and the ESIF strategy, key partners have agreed to work together to establish an **Employment and Skills Hub** which will facilitate a more cost-effective coordinated approach to employment and skills in the LLEP area by pooling local, central and ESIF funding, resources and collaboration to improve local skills provision.
- 5.21 Clear and effective arrangements for decision-making, resource allocation and delivery have been agreed. Local market intelligence and employer engagement will be enhanced and shared to provide a sound evidence base to ensure decisions necessary to drive enhanced growth across the whole area can be taken quickly and effectively. Stronger relationships with the business community and providers will be achieved by an **Employment and Skills Hub**. The Hub will be managed through the **LLEP Employment and Skills Strategy Board** which reports to the LLEP Board. It will provide a focus for:

- **Strategic skills planning** – responding to local labour market intelligence, maximising our access to funding streams and making optimum use of funding to meet our needs.
- **Operational skills planning** – to better match skills supply and demand especially around our Growth Areas, Transformational Priorities and priority sectors.
- **Employer engagement** – so that we can understand and respond to emerging skills needs and influence provision.
- **Collaboration** – between employers, schools, colleges, universities and private priorities to join up activities.

5.22 A careful assessment of local capacity and the capability to deliver activities has been undertaken. Many options have been considered, underpinned by evidence of ‘what works’, to identify value for money activities that will meet LLEP objectives for 2020.

5.23 Partners have identified which resources will be deployed, how and by whom to ensure delivery of activities to meet objectives. A realistic assessment has been undertaken of what can be delivered by whom and when, taking account of capacity, constraints, considering risks and dependencies. The agreed resources are sufficient to achieve the outputs shown in the table below.

Resource Summary	Total	15/16	16/17	17/18	18/19	19/20
<b>Local Growth Fund Ask</b>						
<b>City Deal</b>	<b>£4m</b>	yes	yes	yes		
<b>ESIF</b>	<b>£54m</b>	yes	yes	Yes	yes	yes
<b>Other local funding</b>	<b>£4.7m</b>	yes				
<b>Outputs</b>						
<ul style="list-style-type: none"> <li>• <b>Proportion of people with NVQ level 2 increases to national average</b> (requires on current figures 4.6 percentage point improvement)</li> <li>• <b>Proportion of people with NVQ level 4 increases to national average</b> (requires on current figures 2.1 percentage point improvement)</li> <li>• <b>10,000 participants in skills development activities</b></li> <li>• <b>6,000 new apprenticeship, traineeship and work placements opportunities created</b></li> <li>• <b>50% reduction in youth unemployment</b></li> <li>• <b>50% reduction in total unemployment</b></li> </ul>						

5.24 The **Employment and Skills Hub** will provide a major transformation in comparison with current activities by creating 6,000 additional opportunities for young people (apprenticeships, traineeships and work placements) and training an additional 10,000 people by 2020 (in comparison with existing arrangements).

### **Delivering the New Activities**

5.25 Partners in the **Employment and Skills hub** have identified a number of new ways of working together and activities that will transform the mismatch between skills, supply and demand to support our growth ambitions. The six flagship programmes to be delivered

through the hub address the problems and exploit the opportunities identified earlier in this chapter. Details are briefly provided below.

5.26 The six flagship programmes are:-

1. **Labour market information and enhanced Information Advice and Guidance**
2. **The Skills Metro**
3. **Capital investment to improve skills infrastructure**
4. **Growth Area and priority sector skills development programme**
5. **The Leicester and Leicestershire to Work Gateway**
6. **Higher level skills development and retention**

**Labour Market Information and Enhanced Information Advice and Guidance (IAG)**

- 5.27 Labour market information provides the strategic intelligence to support effective decision-making, resource allocation, monitoring and evaluation. This will ensure a robust evidence base is available to transform the way employment and skills development activities are undertaken.
- 5.28 At the operational scale, a better understanding of skills shortages and growth businesses recruiting new employees will enable those providing employment and skills services to improve the quality of help and assistance that can be provided.
- 5.29 Labour market information collection and synthesis will be a core activity to underpin, guide and contribute to Employment and Skills Hub services. The labour market intelligence function will be closely aligned with the economic intelligence activities undertaken by the Business Growth Hub. Cooperation and joint working will be important to ensure synergies are identified, most notably by identifying the skills and employment related issues that might be barriers to business growth. Growing businesses are also likely to be the most likely to recruit new employees or the most likely to encounter skills shortages.
- 5.30 Labour market intelligence gathering amongst 170 local businesses highlighted the importance of working with young people to promote the significant local labour market opportunities. In addition, a recent OFSTED report, 'Going in the Right Direction' highlighted that three quarters of schools visited by OFSTED were not delivering adequate careers advice. Information advice and guidance needs to be underpinned by good local intelligence.
- 5.31 We made significant reference to the need to improve IAG in both our City Deal and ESIF strategy documents. However, our IAG working group has identified the need for a wider range of activities and to intervene much earlier (e.g. at primary school) to have a real impact on young people and the future labour market.
- 5.32 Key labour market intelligence and IAG activities will include:

<b>Enhanced Labour Market Information and Information, Advice and Guidance</b>
<p><b>Labour Market Information</b></p> <ul style="list-style-type: none"> <li>• Collection and analysis of local labour market information</li> <li>• Local labour market intelligence to be communicated to schools in co-ordinated programme</li> <li>• Campaigns to promote key sectors – especially those experiencing difficulties in recruitment</li> <li>• Online information for parents and young people – building on National Careers Service offer</li> <li>• Events for teachers to help improve their knowledge of the local labour market</li> </ul>

**Primary Schools – Programme to Provide Careers Information and IAG Support**

- STEM ambassador programme extended to primary schools
- Expansion of education/business links programmes into primary schools
- Programmes to help with transition

**Secondary Schools – Programme to Provide Careers Information and IAG Support**

- Summer school activities to build confidence and resilience and help with transition
- Additional STEM ambassadors
- Careers Exhibition/Convention to be hosted in Leicester and Leicestershire
- Skills Show promotion – linked with co-ordinated programme to promote skills opportunities – to include ‘Have a Go’ activities throughout the year
- Enhanced engagement of local employers

**Employers working with Schools**

- Right to Read – primary level, literacy support
- Greater than the Sum – primary level, numeracy support

Activity Summary	Funding sources			Activity operational				
	CD	ESIF	SLGF	15/16	16/17	17/18	18/19	19/20
Labour market intelligence				Yes	Yes	Yes	Yes	Yes
Primary school information and guidance				Yes	Yes	Yes	Yes	Yes
Secondary school information and guidance				Yes	Yes	Yes	Yes	Yes
Employers working with schools				Yes	Yes	Yes	Yes	Yes

**The Skills Metro**

- 5.33 Our ESIF strategy proposed the development of a ‘**Skills Metro**’ – a holistic approach to skills training by designing and implementing a process so that individuals and businesses can have a flexible approach to meet their needs.
- 5.34 The concept of a “Skills Metro” emerged during our consultation events. It uses the analogy of a transport network where there are a variety of different destinations and a number of alternative routes available. Journeys can be straightforward and direct or they may involve stops, changeovers, broken trips and the occasional back tracking after inadvertently setting off on the wrong route. This responds to the recommendation from our Skills Needs Assessment to provide more flexible learning opportunities and from our employer consultation to provide more bite sized learning opportunities.
- 5.35 We will develop a process whereby people can move ‘on and off’ the training system with more flexibility starting at Year 7 and extending throughout working life. This will help upgrade the skills and competencies of the workforce and increase the relevance of education and training systems. It will provide training that is relevant to the job. Activities

will initially focus on addressing skills mismatches in growth areas and in the LLEP priority sectors.

- 5.36 The development of leadership and management skills will fall within the Skills Metro programme. A large number of our small businesses have never engaged in any 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 skills in improving the capacity of our small businesses to grow and productivity to increase. With an economy dominated by SMEs, it is vital that we address this. The flexibility of this provision is important, with businesses wanting access to ‘bite size’ courses and not necessarily full qualifications. However, it will be useful to have modules/units that can be accredited and contribute to full qualifications at a later date.
- 5.37 We need to enhance the high rate of business start-ups locally and reduce the relatively high failure rates. To achieve this, the Skills Metro will include specialist support to develop the skills for those starting a business. We will also equip those wishing to grow their business with the appropriate skills to improve their chances of success. This will take place alongside developing the capacity of SMEs to innovate.
- 5.38 The key activities together with funding sources and dates when activities will become operational are shown below.

<b>Skills Metro Programme Key Activities</b>
<p><b>Establishment and implementation of Skills Metro</b></p> <ul style="list-style-type: none"> <li>• Development of responsive system that can <b>quickly adapt to changes in the local labour market</b></li> <li>• Provision of appropriate Information, Advice and Guidance (IAG) so that decisions on learning choices are influenced by accurate and up to date labour market information</li> <li>• Provision of flexible courses to respond to the needs of individuals but also for employers to be able to secure the training they need to meet business objectives – including ‘bite size’ courses</li> <li>• Flexible access to training across all skill levels from entry level through to higher level and even post graduate skills</li> <li>• Focus on embedding <b>employability skills</b> so that individuals are attractive to employers and well prepared</li> <li>• Continuing Professional Development to keep relevant skills up to date</li> </ul>
<p><b>Leadership and management</b></p> <ul style="list-style-type: none"> <li>• Provision of flexible leadership and management skills development programmes</li> </ul>
<p><b>Business start-up and growth skills</b></p> <ul style="list-style-type: none"> <li>• Promotion of enterprise skills - helping people think about self-employment and be more enterprising in general</li> <li>• Business skills programmes – to support start-ups and existing businesses – with a focus on helping businesses to grow</li> </ul>

Activity Summary	Funding sources			Activity operational				
	CD	ESIF	SLGF	15/16	16/17	17/18	18/19	19/20
Establishment and implementation of Skills Metro Concept		Yes		Yes	Yes	Yes	Yes	Yes
Leadership and management		Yes		Yes	Yes	Yes	Yes	Yes
Business start-up and growth skills	Yes <sup>37</sup>	Yes		Yes	Yes	Yes	Yes	Yes

### **Capital Investment to Improve Skills Infrastructure**

- 5.39 Through the delegation of the Skills Capital Fund we wish to support the FE sector to expand and improve their facilities, especially where there is a strong link to supporting technical skills linked to key growth areas and sectors. We are also interested in exploring opportunities within our Structural Funds programmes for interventions to support FE/HE collaboration and to build links with business around innovation and enterprise stimulation. We will encourage wider partnership approaches to investment in skills capital, working with the private sector and voluntary and community sector.
- 5.40 A number of projects have been developed which have a strong strategic fit with the LLEP's growth areas and priority sectors and align well with the recommendations of the Skills Needs Assessment. The projects have been included in the appropriate geographical location in the Place Chapter – in the Leicester Urban Area GA and in the Loughborough GA. We also consider that the proposal for the National Skills Training Centre at MIRA is of national significance and this is further referenced in our 'Freedoms and Flexibilities' Chapter.

### **Growth Area and Priority Sector Skills Development Programme**

- 5.41 In April 2013, the LLEP developed a Skills Plan for the MIRA Technology Park (TP) Enterprise Zone. This was launched alongside the MIRA Academy in April 2013. The plan was underpinned by strong partnership working between employers, stakeholders and providers. We will replicate this successful approach for the Growth Areas, including the Transformational Priorities identified in the 'Place' chapter of the SEP.
- 5.42 The Skills Plans will be developed for the priority sectors critical to achieving the growth ambitions for the local economy (referenced in chapter 2). These sectors include:
- Those experiencing the greatest difficulties in recruitment or skills shortages e.g. engineering, manufacturing, logistics, construction and health/social care.
  - Emerging sectors such as environmental technology.
- 5.43 For each of these sectors the Skills Plans will cover, at a minimum:-

<sup>37</sup> Included in Business chapter under Growth Hub

- Promoting the job opportunities that will be created – especially to young people, parents and to local communities. This will communicate a picture of new opportunities in the local labour market as well as raising aspirations.
- Helping developers and businesses meet their recruitment and skills needs during the construction phase and once the sites become operational.
- Helping young people and those out of work to access the new jobs and training opportunities.
- Addressing non-skills barriers to recruitment associated with the developments e.g. transport
- Provider collaboration - to ensure an effective and ‘joined-up’ service.
- Exploration of funding opportunities, especially to co-ordinate activities

5.44 Skills planning links to the Growth Area plans described earlier in the SEP and activities will take place throughout this SEP plan period.

Activity Summary	Funding Sources			Activity Operational				
	CD	ESIF	SLGF	15/16	16/17	17/18	18/19	19/20
Growth Area Skills Plan Development (existing resources)				Yes	Yes	Yes	Yes	Yes
Key Sector Skills Plan Development (existing resources)				Yes	Yes	Yes	Yes	Yes
Skills Plan implementation				Yes	Yes	Yes	Yes	Yes

### The Leicester and Leicestershire to Work Gateway

- 5.46 Through our City Deal and ESIF strategy we proposed the establishment of **The Leicester and Leicestershire to Work Gateway**. This will be the flagship providing the main method to address unemployment and support to those wanting to enter employment. It will be the entry point to support for all unemployed people in Leicester and Leicestershire: building on the existing entry points for unemployed people, Jobcentre Plus and for young people Connexions (City) and Prospects (County), enhancing rather than duplicating or reinventing a system that works well for many.
- 5.47 The approach outlined in City Deal will deliver comprehensive person-focused interventions tailored to the level of need exhibited by the individual, with a focus on early interventions for those who are most disadvantaged. In this way it will provide more intense support to those furthest from the labour market and those that face greatest risk of long-term unemployment.
- 5.48 The City Deal sets out detailed proposals to tackle youth unemployment and those that are ‘Not in Education, Employment or Training’ (NEET). Our ESIF strategy makes additional provision to support young people and to extend the gateway concept to those that are furthest from the labour market aged over 24. Both the City Deal and ESIF strategy documents contain more detail on target groups and interventions.
- 5.49 The key activities are shown below:-

## Leicester and Leicestershire to Work Gateway Key Activities

### Assessment.

- There will be a common standard of assessment and 'triage' service provided.

### Referral and support.

- Based on the assessment, people will be referred to existing national programmes or bespoke local programmes. The service will be individually tailored depending on need

### Intensive and specialist access support.

- This will be offered to those that are out of work to help them access employment and training opportunities – including case workers for those that are most disadvantaged and at greatest risk of long term unemployment.

### Co-ordination.

- The success of the Gateway will depend upon strong co-ordination between the case workers, support agencies and those delivering skills/ training provision. We will develop robust tracking systems so that people do not 'fall out of the system'

### Demand stimulation.

- To create more opportunities in the labour market for young people and those that are unemployed – to include **apprenticeships, traineeships, work placements and work experience opportunities**. Especially within SMEs, growth areas and in priority sectors. This will build on existing good practice with our local partnerships, the Apprenticeship Hub, local providers and the Apprenticeship Training Agencies.

### Intensive intervention programmes

- For those that are NEET and long-term unemployed or at greatest risk of long-term unemployment. To include:
  - Get Into and Get Started type programmes
  - Talent Match
  - REACH UP to support ex-offenders
  - Family employment advisors (to work with Supporting Leicestershire Families and Think Family participants)

### Social inclusion programmes

- Holistic individual and family focussed interventions, community based and to include specific programme delivery in rural areas. Especially important to tackle complex problems and to raise aspirations.

Activity Summary	Funding Sources			Activity Operational				
	CD	ESIF	SLGF	15/16	16/17	17/18	18/19	19/20
Establishment and implementation of co-ordinated assessment and referral mechanisms	Yes	Yes		Yes	Yes	Yes	Yes	Yes
Demand stimulation to increase apprenticeships, traineeships, work placements and work experience opportunities	Yes	Yes		Yes	Yes	Yes	Yes	Yes
Intensive support for those that are NEET and unemployed into training and employment	Yes	Yes		Yes	Yes	Yes	Yes	Yes
Social Inclusion programmes		Yes		Yes	Yes	Yes	Yes	Yes

### Higher Level Skills Development and Retention

5.50 Chapter 2 highlighted that our area has a lower proportion of the workforce with high level skills than is the case nationally and that our graduate retention is poor. A working group of all local universities and FE Colleges concluded that one of the key issues that need to be addressed to overcome this problem is perception. Enhancing the perception of the SME sector about the benefits that a recent graduate or undergraduate can bring to their business is important. Equally importantly, in an area with a high proportion of SMEs, is encouragement for undergraduates and graduates to consider the local SME sector as a career path of choice.

5.51 The working group identified five key activities to be undertaken by the Higher Level Skills Programme to increase graduate retention rates. These include:-

Higher Level Skills Programme Key Activities
<p><b>SME Engagement Programme to raise demand for higher level skills</b></p> <ul style="list-style-type: none"> <li>• Roadshows, PR campaigns and face to face meetings with individual SMEs</li> <li>• Business growth hub to promote demand for higher level skills</li> <li>• Joint prospectus to simplify offer to SMEs from HE/FE establishments</li> </ul>
<p><b>Graduate placement and internship programmes</b></p> <ul style="list-style-type: none"> <li>• Develop co-ordinated programmes to provide both undergraduate and postgraduate placement opportunities so that young people can develop their employability skills and also businesses can see the benefits that graduates / undergraduates can bring to the business</li> </ul>
<p><b>Helping graduates to start their own business</b></p> <ul style="list-style-type: none"> <li>• Development of incubation, pre-incubation and innovation space for graduates</li> <li>• Provision of appropriate advice and support to encourage graduates to take forward viable business ideas</li> </ul>

**Graduate employability**

- Facilitate collaboration between three universities and FE sector to develop a co-ordinated approach to embedding employability and enterprise into the higher education experience

**Higher level apprenticeships**

- Greater promotion of higher level apprenticeships to employers and young people
- Ensuring universities value the higher apprenticeship route

5.52 The working group assessed local capacity and the capability to deliver activities. Partners have identified which resources will be deployed, how and by whom to ensure delivery of activities to meet objectives. A realistic assessment has been undertaken of what can be delivered by whom and when, taking account of capacity and constraints and considering risks and dependencies. The agreed resources are sufficient to achieve the milestones and deliver the outputs shown in the table below.

Activity Summary	Funding sources			Activity operational				
	CD	ESIF	SLGF	15/16	16/17	17/18	18/19	19/20
SME engagement programme		Links to TO3 <sup>38</sup>		Yes	Yes	Yes	Yes	Yes
Graduate placement and internship programme		Links to TO3		Yes	Yes	Yes	Yes	Yes
Helping graduates to start their own business		Links to TO3?		Yes	Yes	Yes	Yes	Yes
Graduate employability skills (local funds)				Yes	Yes	Yes	Yes	Yes
Graduate start up support		Links to TO3		Yes	Yes	Yes	Yes	Yes
Higher level apprenticeship promotion	Yes <sup>39</sup>			Yes	Yes	Yes	Yes	Yes

<sup>38</sup> TO3 = Thematic Objective 3 – Improving SME Competitiveness

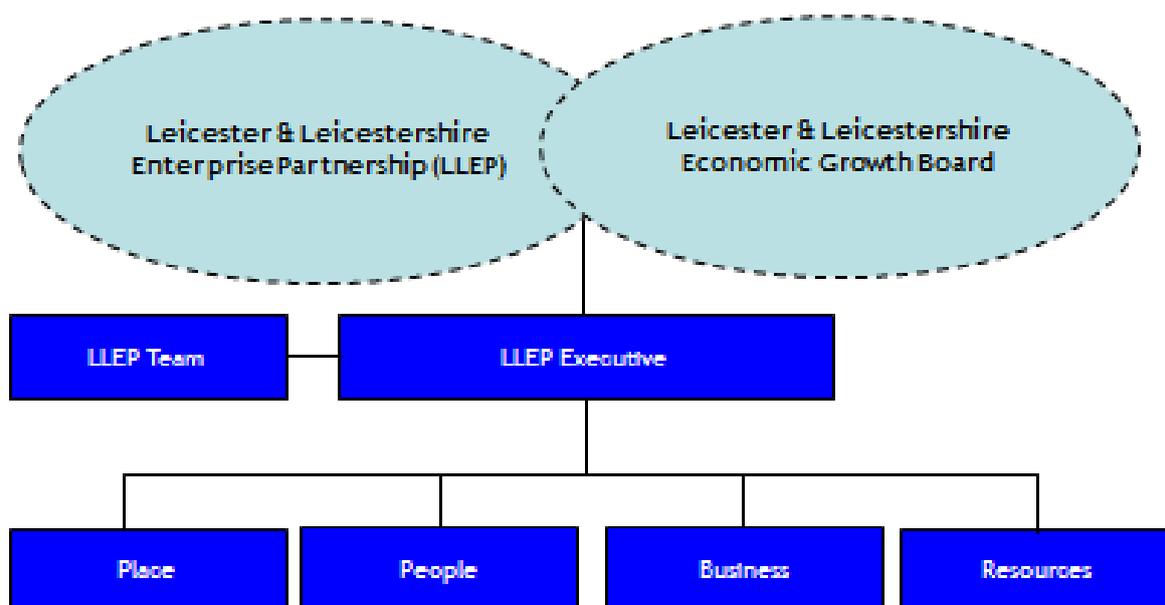
<sup>39</sup> Included in City Deal as part of driving up demand for apprenticeships, work placements etc. under Leicester and Leicestershire to Work Gateway



## 6. GOVERNANCE AND DELIVERY

### Introduction

- 6.1 The proposed governance arrangements for the SEP are summarised in the diagram below. The partnership has a successful track record of working collaboratively in the delivery of economic development and growth. All partners are committed to working together to ensure that the ambitions outlined in this SEP are delivered as effectively and efficiently as possible.
- 6.2 These governance arrangements are supported by a commitment from local authority partners to work towards a shared services model for the ongoing delivery of economic development activity. The LLEP team is structured to ensure that it has the appropriate skills, resources and processes to effectively commission, oversee and manage the SEP programme.
- 6.3 These governance arrangements are designed to ensure that all stakeholders across the private, public, education and voluntary sectors are aligned towards the successful delivery of the SEP programme.



- 6.4 Strategic Governance of the whole programme will be provided through the LLEP Board and the Economic Growth Board. To ensure alignment of these two boards, there will be a degree of shared membership with the Chair of the LLEP sitting on the Economic Growth Board in an observer capacity and four local authority members sitting on the LLEP Board.
- 6.5 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.
- 6.6 **LLEP Board:** Will comprise fifteen members with eight drawn from the private sector in addition to the HE, FE, Voluntary Sector and four local authority members. The local authorities will be represented by the City Mayor, the County Council Leader and two District Council Leaders. The Board's private sector representation demonstrates our strong relationship with the business community. The LLEP Board will provide oversight, challenge

and review the delivery of the SEP. It will inform the objectives and prioritisation for investment programmes and lead on business engagement.

- 6.7 **Economic Growth Board (EGB):** The EGB comprises the leadership of each tier of local authority across Leicester and Leicestershire. This is a demonstration of the commitment of the City Mayor and the local authority leaders to the delivery of the SEP.
- 6.8 Membership of the EGB will also include the LLEP Chair in an observer capacity. The EGB will provide strategic oversight of economic development delivery by the 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 the management of pooled local authority resources to support the projects outlined in the SEP.
- 6.9 **LLEP Director:** The Director will act as the Chief Officer for the LLEP and will ensure that both Boards are appropriately advised. The Director will ensure that detailed commissioning arrangements are in place for the delivery of the SEP programmes, ensure robust performance monitoring exists and lead the continuing strategic development of the SEP.
- 6.10 **LLEP Executive:** 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, and third sector representation as nominated by that sector's Board member and a business representative nominated by the Business Council, with appropriate officer input from Government. It will be chaired by the LLEP Director. Its role will be to ensure implementation of the Boards' priorities, programmes and projects and provide surety to the Boards that resources are being managed effectively.
- 6.11 The Economic Strategy and Programme Board was established by the LLEP Board to oversee the development of the City Deal, ESIF strategy and the SEP. Its membership is similar to the **LLEP Executive** and its role will, henceforth, be subsumed into the LLEP Executive.

## **Project and Programme Governance**

- 6.12 The overall SEP programme director will be the LLEP Director who will be responsible for:
- Ensuring that robust procurement processes are in place in line with the requirements of the accountable body and managing authority.
  - Commissioning delivery partners and contractors.
  - Ensuring that robust project appraisal, performance monitoring and evaluation systems are in place with a clear evidence base which demonstrates value for money and economic return.
  - Ensuring that clear project ownership is in place and that project owners build in project management arrangements.
  - Managing and reporting performance to the LLEP Executive.
- 6.13 The LLEP Executive will be responsible for overseeing the SEP programme and providing surety to the Boards. The membership of the LLEP Executive ensures a representative spread of interests from across the public, private, voluntary & community sectors, together with representatives from the relevant Government Departments. The responsibilities of the LLEP Executive will include to:

- Develop and approve criteria for selecting projects and programmes and approve any revision of those criteria according to programme need;
  - Through the LLEP Director, receive an overall master programme for the entire SEP to ensure the overall programme meets the required time, quality and budget parameters (on a quarterly basis).
  - Receive and approve gateway reports for each programme before funding is released to the delivery boards.
  - Receive regular updates regarding risk management and delivery of the overall SEP implementation plan. This will include developing appropriate risk management and mitigation strategies and action plans to bring the overall programme back on track.
  - Consider any proposals to amend the contents and focus of the SEP programme to take account of changes that may arise e.g. intelligence about socio-economic changes, funding or new investment opportunities, unforeseen economic shocks etc.
  - Develop and maintain a robust evidence base to inform further development of the SEP, its programmes/ projects and funding bids.
  - Ensure that all projects and programmes fully comply with grant conditions, public procurement regulations, state aid rules and other appropriate legislation/ regulation.
  - Ensure that appropriate stakeholder and community engagement plans are in place across the whole SEP programme.
  - Ensure that programmes and projects meet the requirements of the managing authority where required.
- 6.14 The LLEP team structure will be revised to reflect the need to support these governance arrangements and will include the required commissioning, programme and project management resources
- 6.15 The LLEP Executive will be supported by three thematic boards focusing on People, Business and Place. The Chair of each Board will be drawn from the LLEP Board or Executive. A fourth group will focus on resource management, financial management, procurement and compliance. Membership of this Resources Board will comprise the LLEP Director, two private sector LLEP Board members and representatives of the Directors of Finance from local authority partners. This Board ensure that all funding allocated to the SEP is managed effectively and with probity.
- 6.16 Each of these thematic groups will be supported by a programme manager from the LLEP support team who will be responsible for reporting to the Director and LLEP Executive on the portfolio of projects within each thematic area. These thematic groups will focus on the commissioning and overall programme management.
- 6.17 These thematic boards will receive detailed highlight and/ or exception reports that outline progress against the agreed programme/ project plans, project risk management reports and financial reports from the programme manager to:
- a. Ensure that the specific objectives of individual projects and programmes are delivered;
  - b. Ensure that financial targets are met.

- c. Ensure that risks are appropriately managed to keep projects and programmes on track
  - d. Ensure stakeholders are appropriately engaged in the delivery of projects/ programmes
- 6.18 The governance arrangements will also include *Delivery Boards* for each major project and programme. These will build upon and learn from existing structures that are already in place to provide oversight and ensure delivery of key projects such as those in the Leicester City Area, MIRA Technology Park and Loughborough University Science and Enterprise Parks. These will be chaired by the lead agency responsible for the delivery of each of the major projects and programmes in the SEP. The Chair will be required to provide regular highlight and exception reports to the appropriate LLEP programme manager.

## **Commissioning**

- 6.19 Our approach to commissioning will ensure key processes are in place to ensure effective project and programme management. These will include systems to;
- Provide transparency and assurance arrangements
  - Set budgets, re-allocate funds, monitor and review programmes and initiate project interventions
  - Ensure economic appraisal processes are in place for each project
  - Link public sector funding streams with private sector funds
  - Provide a critically robust challenge process
  - Provide a robust gateway process for projects
  - Satisfy the public procurement regulations and state aid requirements

- 6.20 The structure will have four critical features

### **Prioritisation**

- 6.21 This will provide an initial objective assessment of all project proposals through an outline economic growth and cost Value for Money (VFM) analysis and an assessment of how the project will support the delivery of the strategic aims of the SEP.

To support the prioritisation process projects and programmes will be financially assessed. This financial assessment will focus on robustness of costs, the certainty of matched and other partners funding, and an analysis of Value for Money which will be measured in terms of project costs, leverage and outputs.

This will provide a standard objective assessment of all projects to ensure they meet the LLEP and funding partners' key criteria.

### **Gateway Process**

- 6.22 A gateway process will be used to monitor and guide projects through their lifetime. All projects will be subject to this gateway process and will require a final sign off by the LLEP Executive at each stage. There will be four key stages to the gateway process and these are set out below

#### Gateway One - Project Inception/ Pre-feasibility

- 6.23 This will ensure projects and programmes have strategic fit with SEP and partner objectives, supported with a high level statement of activity, with an estimation of costs, timing, match funding and outcomes.

#### Gateway Two - Post-feasibility

- 6.24 Decisions will be based on an assessment of an outline business case which demonstrates an outline project plan, a resources plan, a stakeholder engagement plan, a value for money assessment, a proposed procurement plan, a strategic risk and due diligence assessment, financial profiling and a refined estimation of the direct and indirect outcomes that will be delivered. Costs assessments will need to outline key assumptions, exclusions and be based on detailed feasibility studies.

#### Gateway Three - Investment Decision and Delivery

- 6.25 This will be supported by the production of a detailed business case which provides a detailed project plan, a breakdown of the costs for the project, together with appropriate technical support to justify the costs, confirmation that an appropriate procurement process has been completed, a detailed cashflow for the project, project resource and management arrangements, confirmation that the required administration contractual and other obligations, are in place, a detailed risk register, a detailed stakeholder management plan, delivery processes, project close down and handover arrangements. The detailed business case will also need to include confirmation that appropriate permissions are in place e.g. planning permission, funder confirmation etc.

It will be the responsibility of the project promoter to meet the requirements of the project management process. All projects will also be monitored through regular reviews during their delivery period and at project close down.

#### Gateway Four - Post-Project Completion and Review

- 6.26 All projects will be subject to a post-project completion report; this will ensure the LLEP follows best practice using recognised project and programme management techniques to ensure sound decisions have been made.

## **Monitoring, Evaluation and Transparency**

- 6.27 The LLEP has robust arrangements in place for the monitoring of activity commissioned through its existing interventions including Regional Growth Fund; Growing Places Fund and our Enterprise Zone.
- 6.28 These systems are being developed to encompass new resources including City Deal; ESIF and the Single Local Growth Fund, as well as leverage from partners and the private sector. For each activity, we will monitor the resources expended, the activity supported and the outputs achieved. This will allow us to capture the effect of our supported interventions and track performance against key objectives for each project. We will collect information on a quarterly basis and produce an annual report on progress and make this publically available.
- 6.29 This monitoring activity will be used as the cornerstone for informing our longer term evaluation of activity. It is envisaged that evaluation activity will be commissioned externally to ensure robust challenge and transparency. Evaluation will need to assess overall impact of our interventions.

## **Risk Management**

- 6.30 As notes, in the 'Gateway Process', we will establish programme and project management protocols which will include risk registers and project implementation plans at the appropriate level.

## **Dealing with Conflicts of Interest**

- 6.31 We have a strong process in place for managing any conflicts of interest that might arise in order to:
- Ensure there is fair and open access to the funding opportunities available through the SEP
  - Ensure that the governance of the SEP can function effectively and transparently
  - Maintain effective and functioning relationships with Government and partners
  - Ensure we can manage performance effectively
- 6.32 The terms of reference for our governance structures include:
- Ensuring competent and authorised members of organisations are representatives on any governance structures
  - Declarations of conflicts of interest (personal and organisational)
  - Ensuring governance meetings are quorate
  - Whistleblowing and complaints procedures

## **Cross Border Governance**

- 6.33 In preparing our SEP, the LLEP is aware that whilst the LLEP area represents a functional economic area, it important for our future economic prosperity that we work with neighbouring LEPS on cross boundary issues and challenges that might be better addressed at a wider economic scale.
- 6.34 To this end we are committed to working in collaboration with other LEPS and partners where there is a clear economic advantage to our businesses and people across areas such as supply chains, innovation, skills and transport infrastructure.

6.35 These relationships will develop and deepen as we progress the implementation of our SEP. At this initial stage we are progressing

- A commitment to working with BIS and neighbouring LEPs led by Northamptonshire LEP to better understand the supply chain around motor sports in our area. The recent attraction of Formula E to Donington has confirmed Leicester and Leicestershire's place at the heart of the UK's motor sport sector. We will work with BIS and other LEPs to enhance our knowledge to allow our area's businesses to capitalise on supply chain opportunities and attract investment.
- As outlined in our City Deal we will work with neighbouring LEPs and other agencies on a pan midlands engineering supply chain initiative.
- Each of our Universities collaborates with Universities outside of the Leicester and Leicestershire in areas such as innovation. We will work with other LEPs to support our Universities in these efforts where there is a clear benefit to our business base

6.36 Key transport infrastructure improvements to unlock and accelerate the development of important economic opportunities stretch beyond LEP boundaries. To this end we will work with neighbouring LEPs to ensure that there is a coordinated approach to the realisation of transport interventions which are critical to the delivery of our SEP.

- Given the need for long term investment in the A5 corridor beyond the current RGF and Pinch Point Programme committed schemes, we will work collaboratively with the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) the Highways Agency and our partners to develop a business case for a major improvement of the A5 between the M42 near Tamworth and the M69 near Hinckley to ensure that the route supports and enhances access to the MIRA Technology Park Enterprise Zone and other key employment and housing sites. Such improvements would look to provide a permanent solution to a number of key pinch points and constraints along this section of the A5, including the low bridge under the Nuneaton to Leicester rail line near Hinckley.
- The Coalville Growth Corridor (A511) has been identified within our SEP as a Growth Area. We are looking to unlock growth through transport improvements in this corridor. We will work with D2N2 to ensure cross-boundary linkages between North West Leicestershire and South Derbyshire, the management of the A511 and linkages to Ashby, Coalville and the A42 J13.
- East Midlands Enterprise Gateway is a major Growth Area which includes our Transformational Priority the East Midlands Gateway Rail Freight Interchange. The Strategic Rail Freight Interchanges represents a major opportunity to realise major investment as well as maximising the economic opportunities from East Midlands Airport and Donington. We will work closely with the Highways Agency and D2N2 to deliver this Growth Area and to ensure better strategic road connectivity. We support acceleration of improvements to the Strategic Road Network at J23a/24/24a and A50 with the development of a multi-agency approach with the Highways Agency and other partners to unlock the growth potential of the entire area.
- Rail freight and logistics provides a significant regional opportunity. To this end, national rail freight investment improving north-south and east-west connectivity to the UK's main ports will be an important contributor to our economic success. We will continue to work with our regional and national partners to ensure the LLEP area benefits from

such investment.

- The LLEP is a partner in Network Rail's East Midlands Route Study Partnership which also includes our neighbouring LEPs. We are committed to working with Network Rail and our LEP partners to improve rail connectivity to and from Leicester and Leicestershire. We are also particularly keen to support Network Rail's proposals for line speed improvements at Market Harborough. We will also continue to work with these partners to improve connectivity on other key strategic routes such as the Midland Main Line.
- Improved rail connectivity with direct access to Coventry and the West Coast Mainline, Northampton, Heathrow and Birmingham Airports, Milton Keynes and Manchester is a long term aspiration for local businesses and our economy. We will continue working with our LEP partners and Network Rail to improve existing services and develop new links.
- The reinstatement and development of rail services from Coventry through Nuneaton to Hinckley and Leicester would be directly beneficial for planned new housing and employment growth – reflecting established cross boundary travel patterns and delivering new jobs. LLEP and CWLEP will actively work with DfT and Network Rail to develop the already established case for such a service and the potential extension of it to a broader range of destinations. In support of this we are also seeking further engagement on, and investigation of, the case for extending DfT's current Conditional Outputs for the Electric Spine initiative to include the section between Birmingham, Nuneaton and Leicester.



# Freedoms and Flexibilities

## 7. FREEDOMS & FLEXIBILITIES

- 7.1 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. We have structured a number of these ‘asks’ of Government around our four Transformational Priorities as well as our themes of Place, Business and People.

### General

- 7.2 **Efficient Resource Arrangements:** We seek assurance that the resource allocation process to fund Growth Deals will not 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. We have developed robust governance arrangements around delivery of our Growth Deal, City Deal and ESIF strategy.

### Leicester Launchpad

- 7.3 **Our ‘ask’ of Government is that it gives Leicester the same priority as ‘core’ cities when launching new economic initiatives.**
- 7.4 The City of Leicester is a key driver of the wider local economy and this role is identified in our SEP by its identification of the City’s regeneration areas as a Transformational Priority through Leicester Launchpad.
- 7.5 At present, Leicester is not one of the eight core cities. However, 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. We acknowledge that it is not for Government to designate Leicester a Core City but we are concerned that Government continues to use Core City Status when initially rolling out major economic initiatives. By not being given parity of esteem by Government, Leicester and Leicestershire has recently missed out on major opportunities. One of the strengths of our economy is the role played by our three world-class universities. Despite this, they were unable to bid for University Enterprise Zone status, because Government focused the initiative on core cities.
- 7.6 We very much welcome the opportunity to compete for funding with other areas, but would ask that this to be on the basis of a ‘level playing field’

### East Midlands Gateway Strategic Rail Freight Interchange

- 7.7 **Our ‘ask’ is that Government and the Planning Inspectorate prioritise the Planning application by Roxhill Developments for the creation of the strategic rail freight interchange adjacent to East Midlands Airport.**
- 7.8 The development proposals by Roxhill Developments for a strategic rail freight interchange adjacent to East Midlands Airport have the potential to create 7,000 direct jobs. As such it has been identified as a Transformational Priority in our SEP. An early decision, if positive, clearly enables an earlier project start with the associated gains and benefits this will bring.
- 7.9 Our ask is that Government ensures that the Planning Inspectorate has the capacity it needs to respond speedily and effectively but that in the interim, it gives priority to this project rather than operates a “first come first served” queue, regardless of the impact on growth.

- 7.10 The period for PINS to accept an application is 28 days. The main constraint to an earlier acceptance is the availability of resources at PINS. More resources would result in quicker registration.
- 7.11 The Preliminary Meeting, following acceptance, could happen sooner. These can take up to three months post acceptance. Again, more dedicated resources would result in an earlier Preliminary Meeting.
- 7.12 There is a six month period after the close of the Examination to a decision. This is three months for the Inspectors to report and three months for the Secretary of State decision. Our 'ask' is that these timeframes are shortened to allow decisions to be reached more quickly.

### **Loughborough University Science and Enterprise Parks (LUSEP).**

- 7.13 **Our 'asks' of Government with regard to LUSEP are:**
- **UKTI to focus attention on this exceptional inward investment opportunity;**
  - **BIS and other departments to be aware of the particular advantages of a fully-business focussed park actually integrated with a University campus for nationally focussed industry-academia initiatives such as Catapult locations;**
  - **access to the University Enterprise Zone funding opportunity.**
- 7.14 LUSEP represent an exceptional opportunity for the development of an internationally significant centre for knowledge-based employment. LUSEP is already one of the largest developments of its kind with 63,000 sq. m of high quality space. There is an opportunity to increase this space by 200%, creating as many as 4,000 additional jobs and leveraging £200m of private investment. The City Deal will support the initial development of this Transformational Priority in 2015/16.
- 7.15 LUSEP is already a focus for high growth advanced technology businesses, including being the base for Intelligent Energy, named in February 2014, as the fastest growing company in the Midlands.
- 7.16 The UK, regional and local economies are hampered by lack of awareness of the existing strong record of LUSEP, the opportunities for growth and the distinctive setting as a distinct part of the University campus. This makes the intellectual, social and physical environment very similar to that found at Fraunhofer Institutes, and LUSEP should be at the forefront of the work of the recently commissioned Hauser review of the Catapults.

### **MIRA Technology Park Enterprise Zone**

- 7.17 **Our 'ask' is that Government accepts the recent recommendation by special advisers that additional resources be focused on the MTP Enterprise Zone to allow it to fully exploit its global potential.**
- 7.18 MIRA Technology Park is the LLEP's Enterprise Zone. When fully developed, it will provide 1.75mn sq. ft. of high quality Research and Development space on an 80 hectare site, making it the largest transport sector research and development facility in Europe. It has attracted significant Foreign Direct Investment and will create over 2,000 high value jobs and 3,000 indirect jobs. This is why it has been identified as one of our Transformational Priorities.

- 7.19 A recent study by Government Special Advisers into Enterprise Zones concluded that MIRA was one of a limited number of Enterprise Zones with real global potential and that Government should focus on realising that potential. If Government accepts this recommendation, the LLEP will work with MIRA and other partners to achieve this. An example of this commitment to joint working is the Multi Agency Partnership set up with the Highways Agency, Homes and Communities Agency, Warwickshire County Council, Leicestershire County Council, Coventry and Warwickshire LEP, Hinckley and Bosworth Borough Council, Nuneaton and Bosworth Borough Council and Leicester and Leicestershire LEP. The Partnership will be commissioning a WebTAG Business Case to evaluate intervention opportunities for the A5 from the M69 and M42.

### **National Skills Training Centre at MIRA Technology Park**

- 7.20 **Our ‘ask’ is that Government supports the economic potential and national significance of the proposals to develop a National Skills Training Centre at MIRA.** In addition and to further exploit the potential of MIRA, we plan with support from LGF to develop an onsite National Skills Training Centre. We are confident that the Training Centre will provide vocational facilities of national significance. It is estimated that 75% of the new jobs created within the MTP Enterprise Zone and related area will require intermediate or higher level STEM skills. In addition, around 110 new apprenticeships and 120 graduate training places are estimated to be required to support the MIRA Technology Park employer base. The planned Training Centre is a collaborative project between MIRA, North Warwickshire and Hinckley College and the University of Leicester.
- 7.21 MIRA operates at the leading edge of automotive technology and increasingly acts as a magnet for international investment. We anticipate that the Training Centre will have local, national and international impact. Employers will drive the Training Centre’s output and the centre will operate at the forefront of collaboration between industry, FE and HE with a clear focus on higher level skills. As outlined above it will also support inward investment and has clear links with the National Industrial Strategy.

### **Place**

- 7.22 **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 which are supportive of the projects set out in our SEP.
- 7.23 **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, Highways Agency and other agencies fast track their consideration of the priority projects set out in our Plan.

### **Business**

- 7.24 **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.

- 7.25 **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.

## People

- 7.26 **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 current DWP Jobcentre Plus data systems to measure when people enter work. We understand that this is possible technically, but would involve additional costs<sup>40</sup>. 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. Improved information sharing would fit well with our City Deal and ESIF strategies which have placed heavy emphasis on providing comprehensive support to those entering employment. It will be important to be able to measure which interventions are most effective.
- 7.27 **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 disadvantaged groups in the local labour market and/or local businesses. Linked to this, it would be useful to have some more general flexibility in the use of funding to meet local needs. For example, our Hinckley Jobcentre Plus office has suggested that the unemployment register could be reduced by as much as 50%, if funding could be provided to support transport costs for the first three months of employment as opposed to the first month only. Clearly, a small investment in transport subsidies would save a considerable amount of expenditure on unemployment benefits.
- 7.28 **Piloting innovative schemes:** In future, as part of the Localism agenda, if there was a move to devolve revenue funding for national employment and skills programmes, the LLEP is well placed to pilot programmes and align its work on City Deal and ESIF. Our local partners are committed to exploring innovative approaches that save money and deliver better outcomes for our population.

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<sup>40</sup> Based on discussions with DWP during our City Deal negotiations.