



**Council**

**Tuesday 25<sup>th</sup>  
February 2014**

**Matter for Decision**

**Title: Leicester and Leicestershire Strategic Economic Plan,  
City Deal and European Funding**

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## **1. Introduction**

- 1.1 The Leicester and Leicestershire Enterprise Partnership (LLEP) has produced a Strategic Economic Plan to *'release the energy and entrepreneurial spirit of our people and act as a framework for Local and National Government, key partners and our private sector to co-invest in building on the success of the area'*. The Strategic Economic Plan is an essential component in negotiating a growth deal with Government and as such all Leicestershire local authority partners are asked to endorse the document. The Plan being over 100 pages is available to view online and also in the Members Room. An electronic copy will be emailed to Members.

## **2. Recommendations**

It is recommended the Council

- endorse in principle Leicester and Leicestershire Enterprise Partnership's Strategic Economic Plan (SEP), delegating the final approvals to the Leader and Chief Executive
- support the submission of the City Deal (whilst there are still final minor negotiations underway with Cabinet Office), delegating the final approvals to the Leader and Chief Executive
- receive an outline of the European Structural and Investment Funds (ESIF) Strategy

## **3. Information**

### **Background**

- 3.1 In July 2013, Government published 'Growth Deals Initial Guidance for Local Enterprise Partnerships':

*'The Government's Response to Lord Heseltine's review, confirmed our commitment to negotiating a **Growth Deal** with every Local Enterprise Partnership, building on the success of City Deals, and ensuring that no place gets left behind.'*

*Through Growth Deals, Local Enterprise Partnerships can seek freedoms, flexibilities and influence over resources from Government; and a share of the new Local Growth Fund to target their identified growth priorities.*

*In return, the Government will expect evidence of real commitment from Local Enterprise Partnerships to the growth agenda, including the development of ambitious, multi-year **Strategic Economic Plans**. We will also expect the local authority members of Local Enterprise Partnerships to take up the challenge of putting economic development at the heart of all they do and work collaboratively across the Local Enterprise Partnership area’.*

- 3.2 **Growth Deals** are a partnership between Government and Local Enterprise Partnerships, where the Government will respond to the offers made by Local Enterprise Partnerships in pursuit of the shared objective of growth. Growth Deals will allow greater influence locally over key levers affecting local growth, more local freedoms and flexibilities and access to a funding regime administered by Government known as the Local Growth Fund. The Growth Deal for Leicester and Leicestershire is currently being negotiated between Government and the LLEP with a view to initial funding being available from April 2015.
- 3.3 **Strategic Economic Plans** are based on the drivers and barriers to growth specific to the Local Enterprise Partnership area, having regard to national policy on growth, including for example housing, transport, skills, industrial strategy, flooding and rural economies. They are evidenced by strong partnership working, robust arrangements for accountability, and effective collaboration across the Local Enterprise Partnership geography. They:
- Demonstrate commitment to growth
  - How local capital and revenue funding will be used to deliver growth
  - Collaboration on economic development activities
  - Maximising the synergies with wider local growth programmes (eg European Regional Development Fund (ERDF) of which the Borough is currently a recipient)

### **The Leicester and Leicestershire Strategic Economic Plan**

- 3.4 The Leicester and Leicestershire Strategic Economic Plan vision is:
- To create a vibrant, attractive and distinctive place that will ensure a prosperous economy, secure and well-paid jobs and a sustainable environment, through growth by innovative businesses and a highly skilled workforce, making Leicester and Leicestershire destinations of choice for successful businesses*
- 3.5 The Leicester and Leicestershire Strategic Economic Plan sets out a wish ‘to negotiate a Growth Deal of £252m for the period 2015-2020, with a first year 2015-16 ask of £51.25m. This is against a portfolio of almost £2.2bn of investment of local public and private sector resources, representing a minimum leverage ratio of £9 of investment for every £1 invested through the Growth Deal’.
- 3.6 In addition, it identifies a further €126 million through EU Structural Funds (eg ERDF) and £16 million from City Deal.
- 3.7 Altogether, this funding is intended to create at least 45,000 additional jobs and attract over £2 billion private sector investment in the LLEP area by 2020.

3.8 On 29<sup>th</sup> October 2013, Policy, Finance and Development Committee approved a Local Economic Plan for the Borough. This was subsequently submitted to the LLEP, and along with the Local Economic Plan prepared by other local authorities provided a basis for a number of actions contained in the Leicester and Leicestershire Strategic Economic Plan.

3.9 The table below shows the key projects that were identified in the Oadby and Wigston Local Economic Plan and how these have been reflected in the Leicester and Leicestershire Strategic Economic Plan. Although this relationship does not necessarily mean that funding will be forthcoming to support projects in the Borough, it does demonstrate a recognition that these projects do contribute towards the aims and objectives of the Strategic Economic Plan and therefore the prospect of the Council making successful bids for funding in the future.

<b>Oadby and Wigston Local Economic Plan Key Projects</b>	<b>Leicester and Leicestershire Strategic Economic Plan Programmes</b>
An innovative enterprise centre	A 'Workspace Provision and Innovation/Incubation Centres Fund' totalling £22 million (of which £5 million is through the Growth Deal)
Town centre regeneration projects	A 'Town Centres Regeneration Fund' totalling £80 million (of which £10 million is through the Growth Deal)
Enabling both employment and residential development sites to the south east of Wigston (Direction for Growth)	A 'Sustainable Urban Extension (SUE)/Strategic Employment Site Fund' totalling £80 million (of which £30 million is through the Growth Deal). Note: for the purposes of the Strategic Economic Plan the Direction for Growth is considered an SUE
Regeneration of key employment sites within the borough to enable them to meet the needs of modern business requirements	An 'Industrial Estates Fund' totalling £20 million (of which £7 million is through the Growth Deal).
An ongoing grants programme for SMEs	A 'Business Growth Grant Fund' totalling £345 million (of which £25 million is through the Growth Deal).
Ongoing support for Small to Medium Enterprises (SMEs) and for those wishing to start up a business	A Leicester and Leicestershire to Work Fund' totalling almost £17 million (of which £4 million is through the Growth Deal).
Working in partnership to promote apprenticeship opportunities and engagement with businesses to take on apprentices	

3.10 The table below sets out the next stages in the agreement of the Leicester and Leicestershire Strategic Economic Plan and the negotiation of the Growth Deal with Government. All Local Enterprise Partnerships in England are following the same broad timetable.

December 2013	LLEP shared first draft of the Strategic Economic Plan with Government
January 2014	Government provides feedback to LLEP on the Strategic Economic Plan
February/March 2014	Formal approval of the Strategic Economic Plan by local authorities in the LLEP area
27 <sup>th</sup> March 2014	LLEP Board to formally sign off the Strategic Economic Plan for submission to Government
April 2014	Government starts the formal assessment of the Strategic Economic Plan with final assessments by June 2014
July 2014	Local Growth Fund offer made to LLEP thus resulting in the completion of the Growth Deal negotiations
April 2015	LLEP and Government implement Growth Deal

### **City Deal**

3.11 As part of Leicester and Leicestershire's wider Growth Strategy the City Deal seeks to deliver:

- A new employment scheme targeted at 16-24 year olds that will reduce youth unemployment by 50% by 2018, deliver 3,000 new apprenticeships and 1,000 traineeships and work placements.
- An innovative new employment and training scheme for young offenders.
- Improved co-ordination of business support services and a range of innovative business support programmes. These will support further growth in Leicester and Leicestershire's small and medium enterprises and contribute to job growth.
- A new pan-Midlands supply chain initiative that will support the growth of manufacturing and engineering small and medium enterprises.
- New infrastructure that will support the expansion of Loughborough University Science and Enterprise Park (providing 8 hectares of new employment land) and unlock a new Advanced Technology Innovation Centre. This new centre will create 755 new jobs and safeguard a further 400.
- £30 million of local and national public sector investment.
- £103 million of private sector investment.

3.12 To assist in achieving these objectives, Government will provide £16m of additional funding to complement local partners financial contributions and commitments.

3.13 As part of the City Deal negotiations, local authority partners have also committed to:

- either progress with a Community Infrastructure Levy (CIL) now, or to review whether or not to progress with a CIL at a later date (as in Oadby and Wigston's case).

- meet with the Government Property Unit to discuss local best practice on asset management and future plans and to upload appropriate property related information to the e-Pims database by December 2014

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

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

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

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<b>Implications</b>	
Legal (KG)	None
Financial (PL)	Recognition of Oadby and Wigston Local Economic Plan Key Projects in the Leicester and Leicestershire Strategic Economic Plan Programmes will assist in future bids for funding
Equalities (KG)	There appears to be an absence of any Equality Impact Assessment
Risk	None