

**CITY DEAL LEICESTER AND LEICESTERSHIRE UPDATE**  
**REPORT OF DEPUTY CHIEF EXECUTIVE – COMMUNITY**  
**DIRECTION**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**WARDS AFFECTED:**

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**1. PURPOSE OF REPORT**

- 1.1 This paper provides an update on the Leicester and Leicestershire City Deal. It outlines the strategic context, the key components and the timescales for the next steps in the process.
- 1.2 It should be noted that the City Deal process is still being negotiated and the final content cannot be confirmed until we have reached an agreed position with Ministers. This paper summarises the outline thinking regarding the City Deal which may still be subject to change.

**2. RECOMMENDATION**

- 2.1 To endorse, in principle, the submission of the final negotiation document for the City Deal to central government.
- 2.2 To agree to the establishment of the Leicester and Leicestershire Economic Growth Board to oversee the delivery of the City Deal, EU Strategy and Growth Deal.
- 2.3 To delegate the Chief Executive in consultation with the Leader, to agree any amendments to the City Deal submission to central government.

**3. BACKGROUND TO THE REPORT**

- 3.1 Members will recall Executive considered a report on City Deals in on 28 January 2013 and resolved to support both Leicester and Leicestershire and Coventry and Warwickshire City Deals.
- 3.2 Since that time, further government initiatives and announcements have been made, so it is important to see the City Deal in the context of an emerging wider strategic agenda. Throughout the country, Local Enterprise Partnerships (LEPs) have been asked to prepare a series of strategic documents. These include:

**Growth Plans**

- 3.2 In response to the Heseltine Review, all LEPs will need to prepare a multi-year Strategic Plan with their local partners. The strategic plans will enable LEPs to seek a share of the new Single Local Growth Fund (SLGF) as well as increased freedoms and flexibilities from Government.
- 3.3 The 39 LEPs will be bidding in a competitive process for £1.1bn in 2015/16; just over half of the £2bn SLGF pot. Whilst there is no set format for the plan, key elements pertain to demonstrating a commitment to growth, strong partnerships and clear accountability and transparency.

**EU Structural and Investment Fund (EU SIF) Strategy**

- 3.4 These funds cover the 2014-2020 programming period and will require an investment strategy to demonstrate spending priorities. The funds consist of European Regional Development Fund (ERDF), European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD). The Leicester and Leicestershire Enterprise Partnership's confirmed notional allocation for ERDF and ESF is €126m for the period for the period 2014-2020.

### **City Deal**

- 3.5 The City Deal has a narrower focus than the Growth Plan and is a 'step' towards the Growth Deal which the LLEP will agree with Government for implementation from 2015/16. It is very important that we successfully negotiate our City Deal as this will:

- Place Leicester and Leicestershire in a strong position to negotiate our Growth Deal and access the SLGF.
- Access £10m from the Regional Growth Fund Round 4 (RGF4).
- Access £2m to £3m to develop a business support growth hub.
- Provide opportunities for future match funding, leverage and policy flexibilities.

### **4. FOCUS OF LEICESTER AND LEICESTERSHIRE CITY DEAL – “Supporting people into employment”**

- 4.1 The role of City Deal in delivering local growth and tackling our key economic challenges has been carefully considered. Analysis of local economic data and discussions with Cabinet Office have led to the City Deal focus being:

- Job creation through growth.
- Supporting people into employment with a focus on the jobs we are creating.

### **Job Creation**

- 4.2 Job creation will be delivered by:

- Developing six key employment sites/infrastructure projects to generation over 17,000 jobs – strategic rail freight interchange terminal (Roxhill development), Loughborough University Science and Enterprise Park, Enterprise Zone at MIRA, Leicester Innovation and Technology Park, Leicester City Centre Office Development and Leicester Waterside Area.
- Supporting local business growth through the creation of a 'Growth Hub'.

- 4.3 Through City Deal it is proposed to establish a 'Business Growth Hub' which will provide a service to support our local businesses and help them grow. It will provide a central first point of contact and eliminate current confusion about what is available to help local businesses and those wanting to start a business. Businesses will be signposted to both national and local business support services.

- 4.4 In the first stage of its development, the hub will consist of a business-friendly website which houses and database and has links to other sources. This will coordinate and collate the current plethora of business support activities, funding programmes and events that are of relevance to businesses located in Leicester and Leicestershire. Importantly, there will be a customer-focused telephone and email enquiry service that will help businesses to find what they need. The hub will have highly trained staff to respond to queries from businesses and to maintain the database.

4.5 In the second stage, the hub will build upon the signposting role and start to promote and deliver targeted programmes and services. These are still under discussion with the Cabinet Office and the LLEP Executive, but could include:

- **Growth Readiness programme** to develop a pipeline of growing businesses to feed into national programmes such as the *Growth Accelerator*.
- Establishment of a Leicester and Leicestershire **Business Mentoring Programme**.
- **High growth start up support** – e.g. linked to innovation centres and sites such as Pioneer Park.
- **Leadership and management development** programmes to build the capacity of local businesses.
- **Export support** programmes – to fast track access to foreign markets, building on local contacts and networks. This would complement and add value to existing UKTI activities.
- **Key account management service to 40 medium to large sized employers** – this service will be targeted at UK-owned businesses that are key to the local economy. The account managers will develop a relationship with these businesses to help them grow and address any barriers they face, with a view to retaining their investment in our area.

### **Supporting People into Employment**

4.6 The City Deal proposals would help young people and those further from the labour market into employment by four key strands of activity:

- Increasing the number of good quality local apprenticeship opportunities for young people in the local labour market.
- Improving the work readiness of young people and those furthest from the labour market so that they can benefit from the new job opportunities being created.
- Addressing youth unemployment and NEET.
- Site specific skills places to ensure that we are meeting the skills needs associated with new developments.

4.7 These interventions are described in more detail in appendix 1 to this report but in summary include:

- Increasing Apprenticeships.
- Support NEETs and unemployed.
- Improve work readiness.
- Develop site specific Skills Plans.

## **5. CITY DEAL OFFERS AND ASKS**

5.1 The City Deal process requires the local area to outline an offer to Government in return for additional resources etc. The proposals are still in discussion but a summary of what is being proposed is provided below.

### **Offer Summary**

- Strong track record of partnership working and project delivery.
- Significant business and partner commitment.
- Scaling up existing projects which are already working e.g. Step up programmes, FE College provision, education/business links through LEBC, VESA and Leicestershire Carea, Princes Trust activities.

- Business-led design of our Growth Hub (see section 3.3) which will provide a service to help our local businesses grow through a signposting service and targeted growth programmes.
- Young person-led design of Talent Match programme to help young people that have been unemployed for over 12 months back into work or training (see section 4.10).
- Practical approach to match labour market demand and labour supply through site specific skills plans.
- Local match funding from private and public sector (still under negotiation).
- Use of local procurement to stimulate local training, apprenticeships and employment opportunities.

### **Asks Summary**

- Flexibility to use the £10m from the Regional Growth fund Round 4 (RGF4) funding to benefit a wider range of businesses with access to grant programmes and to implement the Business Support Growth Hub arrangements.
- Access to the £2m to £3m of RGF4 allocated to Wave 2 city Deals for the establishment of Growth Hubs (via University of Lancaster).
- Access to potential underspends from the national Youth Contract and the national Work Programme to invest in **local programmes** that have delivered results.
- Better information sharing e.g. from DWP to access and track young unemployed and those furthest from the labour market – so that we can provide better service delivery and evaluate which interventions have worked.

## **6. OUTCOMES**

6.1 The outputs and outcomes arising from the City Deal can be summarised as:

- **1,000 new apprenticeship starts in three years.**
- **500 traineeships delivered in three years.**
- **400 paid work experience placements through Step Up programme.**
- **All year 10 pupils have two week work experience opportunity.**
- **All young people studying vocational qualifications post 16 to have significant work experience.**
- **All young people studying AS and A levels have work experience opportunity.**
- **Improve linkages between employers and schools/colleges.**
- **50% reduction in NEETs over five years.**
- **50% reduction in youth unemployment over five years.**
- **Five Skills Plans developed to support and meet needs of key employment sites.**
- **Gross Value Added increase by 10%.**

## **7. Timetable**

7.1 The draft programme for final stages of the City Deal is provided as follows:

**Table 1 – Revised Timetable City Deal**

<b>Activity</b>	<b>Timetable/deadline (2013)</b>
Development of Negotiation Document	September to October
Preparation of main pitch to Ministers	September to October
Readiness check with Lord Shipley	w/c/ 7 October
Challenge session with Greg Clark	16 October
FINAL submission of City Deal Negotiation Document to CPU	21 October
Local Growth working Group Interview with Ministers (formerly referred to as Ad hoc Ministerial Group)	w/c 4 November

**8. GOVERNANCE**

8.1 A requirement of central government for the City Deal (and the future delivery of the single growth fund) is to demonstrate that the local area has an appropriate governance structure that delivers binding decision making. It is recommended that an Economic Growth Board is established that would comprise the City Mayor and the Leaders of the County and District Councils.

**9. FINANCIAL IMPLICATIONS [KP]**

9.1 At this current time the funding arrangements for the proposed “Deal” are not yet known. These will be considered at a County level by the Leicestershire Treasurers Association (LTA) following the outcomes of the challenge session with ministers.

9.2 That said, it is expected that the successful proposal will require an element of funding from individual Council’s. The creation of a reserve of up to £50,000 is to be proposed within the 2014/2015 budget for this purpose.

**10. LEGAL IMPLICATIONS (XX)**

10.1 To be completed

**11. CORPORATE PLAN IMPLICATIONS**

11.1 Supporting the City Deal bid will contribute to the Council’s Corporate aim of growing the economy.

**12. CONSULTATION**

12.1

**13. RISK IMPLICATIONS**

13.1 To be completed

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Not being part of the City Deal would reduce potential opportunity for securing resources for key local economic initiatives.	Support the governance arrangements with Leader to secure a seat on the proposed Economic Growth Board.	Executive
	Secure the submission of HBBC's support to the bid.	SLB

14. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

- Impact on Parish Councils
- Environmental implications
- Ensuring services are accessible to all (location, method of delivery).

15. **CORPORATE IMPLICATIONS**

15.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications – None relevant to this report
- Environmental implications – As detailed in the report
- ICT implications- - None relevant to this report
- Asset Management implications – None relevant to this report
- Human Resources implications – None relevant to this report
- Voluntary Sector – None relevant to this report
- Legal implications – As detailed in the report

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Background papers: Report to Council on City Deals 28 January 2014

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## SUPPORTING PEOPLE INTO EMPLOYMENT

### A. Increasing Apprenticeships

1. The City Deal will expand upon existing plans for an apprenticeship hub which will:
  - **Stimulate employer demand for apprenticeships**, especially in sectors with greatest current or potential skill mismatches. This will be achieved through a team of apprenticeship development officers who will engage directly with employers to:
    - Make the business case for apprenticeships through the benefits reported by other employers.
    - Organise events to promote apprenticeships to Small to Medium Sized.
    - Support large employers to take on more apprenticeships.
    - Assist, where appropriate, in the recruitment process – e.g. by providing access to ‘apprenticeship-ready’ candidates.
    - Provide access to financial incentives (for eligible employers, e.g. those that National Apprenticeship Service (NAS) Grants to provide a stronger incentive to employers.
    - After case monitoring to ensure quality.
  - **Raise the profile of apprenticeships amongst young people and help them to apply for apprenticeship vacancies.**
  - The apprenticeship hub will support all sectors of the economy, but the focus will be on LLEP priority sectors and those that are experiencing recruitment difficulties and skills problems. these sectors are:
    - Engineering
    - Manufacturing (especially food and drink)
    - Logistics
    - Construction
    - Care
    - Creative industries

### B. Work Readiness

2. The City Deal proposal highlights a number of interventions to improve the ‘**work readiness**’ of young people and those furthest from entering the labour market. These include both work inspiration programmes and work placement opportunities, such as:
  - **Improving the knowledge and understanding of the labour market.** For example, we would like to strengthen existing arrangements and further develop the links between local employers and local schools, by commissioning a service to provide:
    - Mock interviews with employers and employer site visits.
    - Careers advice led by employers.
    - Development of programmes and locally agreed qualifications for employability skills.
    - Mentoring.
    - Challenges, competitions and project work.
    - CPD and industrial placements for teachers.
    - Talks in schools and colleges.
  - **Provide more opportunities for work experience and work placements.** Activities to include:

- Increasing the existing Leicester City Council Step Up programme. This currently supports **190** young people to gain paid work placements in the private sector. Through City Deal, we would like to increase this activity to **400** paid work placements.
- Establishment of **500** Traineeships across the LLEP area over the next three years – which will help people into employment or into apprenticeships.

### **C. Supporting NEETs and Unemployed (THIS IS VERY CITY SPECIFIC AND MAY NOT BE RELEVANT AT ALL)**

3. The draft City Deal set out plans to support NEETs and young people out of work by:
  - Working with local partners to scale up existing activities, such as the Prince's Trust Get Started and Get Into programmes.
    - The **Get Started** programme is a short engagement programme using sports or the arts. It is aimed at young people furthest from the labour market and helps them re-engage with learning and take the first step to increase their personal and social skills, motivation and confidence. Through City Deal, we would like to increase the number of programmes on offer, from three programmes to **nine programmes per year, benefitting over 100 NEET young people per year.**
    - The **Get Into** programmes are short sector specific employability programmes which give NEET young people work skills and experience by partnership with employers and training organisations to create short vocational training and work placement opportunities. Through City Deal, we would like to increase the number of courses from two to twelve per year, enabling at least 150 NEET young people to access the programme per year.
  - Expansion of the Talent Match programme to offer greater geographical coverage.
    - The Talent Match programme is a Big Lottery funded programme that supports young people aged 18-24 who have been unemployed for over 12 months. The aim of the programme is to create a significant shift in how the entrenched issues faced by these young people are tackled and support them into work.
    - Our Talent Match bid for £2.3m has been acknowledged as an exemplar, especially around the input and co-design of interventions by NEET young people.
    - The current Talent Match programme is limited to four wards in Leicester City: Beaumont Leys, new Parks, Braunstone & Rowley Fields and Spinney Hill. Through City Deal, we would like to extend the coverage to all other wards in Leicester City that have relatively high youth unemployment rates compared to the national average.
4. Local plans are also exploring a range of interventions to support those with complex needs back into the labour market. This work is still under discussion with Jobcentre Plus, Leicestershire County Council, Leicester City Council, Skills Funding Agency and Voluntary Action Leicestershire.

### **D. Site Specific Skills Plans**

5. A key feature of the City Deal proposal is to develop and implement **site specific skills plans** that are linked to key infrastructure/employment sites. The skills plans will address:



- Promotion of local job opportunities to young people and their parents, those furthest from the labour market and local communities.
- Arrangements to ensure employer needs are met in terms of recruitment and skills.