

RURAL, ECONOMIC AND ENVIRONMENTAL AFFAIRS COMMITTEE

30TH OCTOBER 2013

REPORT OF THE HEAD OF COMMUNITIES AND NEIGHBOURHOODS

CITY DEAL

1.0 PURPOSE OF REPORT

1.1 This paper provides an update on the Leicester and Leicestershire City Deal¹. 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.

2.0 RECOMMENDATIONS

2.1 **To endorse, in principle, the submission of the final negotiation document for the City Deal to central government**

2.2 **Members note the establishment of the Leicester and Leicestershire Economic Growth Board to facilitate the negotiation of the City Deal, EU strategy and Growth Deal and agree to the appointment of the Leader of the Council as the Council's representative on the Board.**

3.0 KEY ISSUES

3.1 It is important to see the City Deal in the context of a wider strategic agenda. Throughout the country, Local Enterprise Partnerships (LEPs) have been asked to prepare a series of strategic documents. These include:

3.2 Growth Plans

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.

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.

3.3 EU Structural and Investment Fund (EU SIF) Strategy

These funds cover the 2014-2020 programming period and will require an investment strategy to demonstrate spending priorities. The funds consist of European Regional

¹ Note the City Deal covers the geographical area of Leicester City and Leicestershire County.

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 2014-2020

3.4 **City Deal**

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

3.5 **Focus of our City Deal – “Supporting people into employment”**

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

3.6 **Job Creation**

Job creation will be delivered by:

- Developing six key employment sites/ infrastructure projects to generate 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'

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.

- 3.6.1 In the first stage of its development the hub will consist of a business-friendly website which houses a 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.

3.6.2 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 businesses² 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

3.7 Supporting People into Employment

The City Deal proposals would help young people and those furthest 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 plans to ensure that we are meeting the skills needs associated with new developments.

These interventions are described in more detail in the next section.

3.8 Increasing Apprenticeships

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 Enterprises (SMEs) and follow up with face to face support
 - Support large employers to take on more apprenticeships
 - Assist businesses in the identification of the most appropriate training provision
 - Assist, where appropriate, in the recruitment process – e.g. by providing access to ‘apprenticeship-ready’ candidates

² Thereby complementing the current national programme aimed at foreign owned companies (FDI) delivered by PA Consulting

- Provide access to financial incentives (for eligible employers, e.g. those that have never taken on an apprentice before). This will include supplementing the National Apprenticeship Service (NAS) Grants to provide a stronger incentive to employers.
- After care 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 problems³. These sectors are:
 - Engineering
 - Manufacturing (especially food and drink)
 - Logistics
 - Construction
 - Care
 - Creative industries

3.9 Work Readiness

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

3.10 Supporting NEETs⁴ and Unemployed

The draft City Deal proposal set out plans to support NEETs and young 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.

³ As identified in the LLEP Skills Needs Assessment

⁴ Young People aged 16-18 Not in Education, Employment of Training

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.**

- 3.11 The **Get Into** programmes are short sector specific employability programmes which give NEET young people work skills and experience by partnering 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 to 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.

- 3.12 The 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 City⁵: 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.

Local partners 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.

3.13 **Site Specific Skills Plans**

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

City Deal Offers and Asks

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.

⁵ It also includes Greenhill ward in Coalville in Leicestershire.

3.14 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 programme, FE College provision, education/business links through LEBC, VESA and Leicestershire Cares, Prince's 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 over 12 months back into work or training (see section 3.10)
- 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

3.15 Asks Summary

- Flexibility to use the £10m from the Regional Growth Fund Round 4 (RGF4)⁶ 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 £2 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

3.16 Outcomes

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

⁶ The Regional Growth Fund (RGF) is a £3.2 billion fund, helping companies throughout England to create jobs between now and the mid-2020s. The RGF supports projects and programmes that are using private sector investment to create economic growth and sustainable employment. The RGF is a flexible and competitive fund, with bidders able to submit bids either as a project or a programme.

- 1,000 new apprenticeship starts in 3 years
- 500 traineeships delivered in 3 years
- 400 paid work experience placements through Step-up programme
- All year 10 young people have 2 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
- Improved linkages between employers and schools/colleges
- 50% reduction in NEETs over five years
- 50% reduction in youth unemployment over five years
- 5 Skills plans developed to support and meet needs of key employment sites
- Gross Value Added increase by 10%

3.17 Timetable

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

Table 1 – Revised Timetable City Deal

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

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 There are clear links to priorities within the corporate plan:

- Support people and businesses through the economic downturn

- Improving the well-being of vulnerable people
- Improve quality of life for people living in the most disadvantaged neighbourhoods
- Encourage people to take an active role in their communities.
- Meet the Economic needs of Borough
- Maximise the potential of Melton Mowbray Town centre

5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 There are no direct Financial Implications arising from this report. Any projects/schemes arising from the City deal outcomes will have their own respective project mandates and business cases.

6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 A requirement of central government for the City Deal (and the future delivery of the single local growth fund) is 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.

7.0 **COMMUNITY SAFETY**

7.1 No direct Implications have been identified

8.0 **EQUALITIES**

8.1 No Equality Impact Assessment has been carried out, City deal outcome project will have their own respective equality analysis.

9.0 **RISKS**

9.1 **Probability**



Very High A				
High B				
Significant C				
Low D				
Very Low E			1	
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic

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Impact

Risk No.	Description
	Members do not support the City Deal establishment.

10.0 **CLIMATE CHANGE**

10.1 No direct implications have been identified.

11.0 **CONSULTATION**

11.1 All relevant partners are being consulted on these arrangements.

12.0 **WARDS AFFECTED**

12.1 All wards are affected

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Date: 15 October 2013

Appendices : None

Background None
Papers:

Reference : X : Committees\REEA/2013.14/3010/13/HR- City Deal