

PROPOSAL

LEICESTER & LEICESTERSHIRE

ENTERPRISE PARTNERSHIP

(LLEP)

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1. INTRODUCTION

- 1.1 This submission sets out our proposals for a Leicester & Leicestershire Local Enterprise Partnership (LLEP). It builds on the strong foundations of our existing sub-regional partnership which provides joint leadership to integrate activity across a broad economic agenda that is critical to achieving sustainable economic growth. The introduction of LEPs provides an opportunity for us to build on our existing partnership by extending the scope of activity and increasing our ability to take local decisions that achieve better outcomes more efficiently.

2. PROPOSED ROLE OF THE LLEP

- 2.1 The ***Leicester and Leicestershire Enterprise Partnership (LLEP) will be a strategic commissioning body*** which leads long-term economic change and transformation in the sub-region. Our LEP proposal is based on a strong shared vision and strategy which is underpinned by a strategic commissioning approach to better co-ordinate delivery and provide a greater return on public sector investment.

Shared Vision

- 2.2 The LLEP proposal is based on a shared vision led by the private sector. The Leicestershire Business Council has developed a long-term economic vision and strategy for our sub-region which identifies the strategic priorities for providing the best conditions and framework to enable the private sector to grow and flourish. Our shared vision is:

‘To create a prosperous economy, secure and well paid jobs and a sustainable environment through wealth creation by innovative businesses and a highly skilled workforce, we will make Leicester and Leicestershire destinations of choice for successful businesses by clearly differentiating the sub-region, as a place to do business, work and live’.

We will:

- a) Transform our economy and generate wealth through enterprise, innovation and creativity to create a competitive knowledge-based economy.
- b) Create a business-friendly environment that encourages new and existing businesses to prosper and grow, attracts new investment, contributes to green economic growth, exploits our sub-region’s natural advantages, reverses the “brain-drain” out of the City and County, and supports a highly qualified, skilled and motivated workforce in secure, well paid jobs.
- c) Remove barriers to participation to improve opportunities for vulnerable people and our disadvantaged communities.
- d) Achieve high economic growth rates and allied investment.
- e) Plan for a low carbon economy where jobs and homes are aligned; where there is a balanced supply of housing, employment land and premises,

infrastructure, housing and skills; with businesses operating in low energy buildings, greater local sourcing of products and services; and people able to travel to work by sustainable modes of transport.

Key Objectives:

- a) Improve productivity, increase wealth creation and encourage sustainable private sector growth.
- b) Create a balanced, sustainable and competitive knowledge-based economy.
- c) Address the physical requirements for success.
- d) Improve skills levels and educational attainment.
- e) Provide effective business support.
- f) Increase inward investment.
- g) Promote sustainable communities and environmental sustainability.

2.3 In future, resources will be targeted at tackling systemic issues within the sub-regional economy - investing in infrastructure, skills, enterprise and innovation with the aim to improve the environment within which businesses operate. Economic development in the sub-region will see a fundamental shift away from the culture of grants to one of investment and a focus on creating the right environment for businesses to succeed. In the current economic climate our investment needs to be much smarter, making effective use of increasingly limited public funds and integrating spend to maximise return on investment in terms of improving the area's economy. To achieve this, the LLEP will concentrate its efforts and resources on areas where we have the greatest degree of influence and where the impact will be most widely felt to help develop the local economy.

Scope

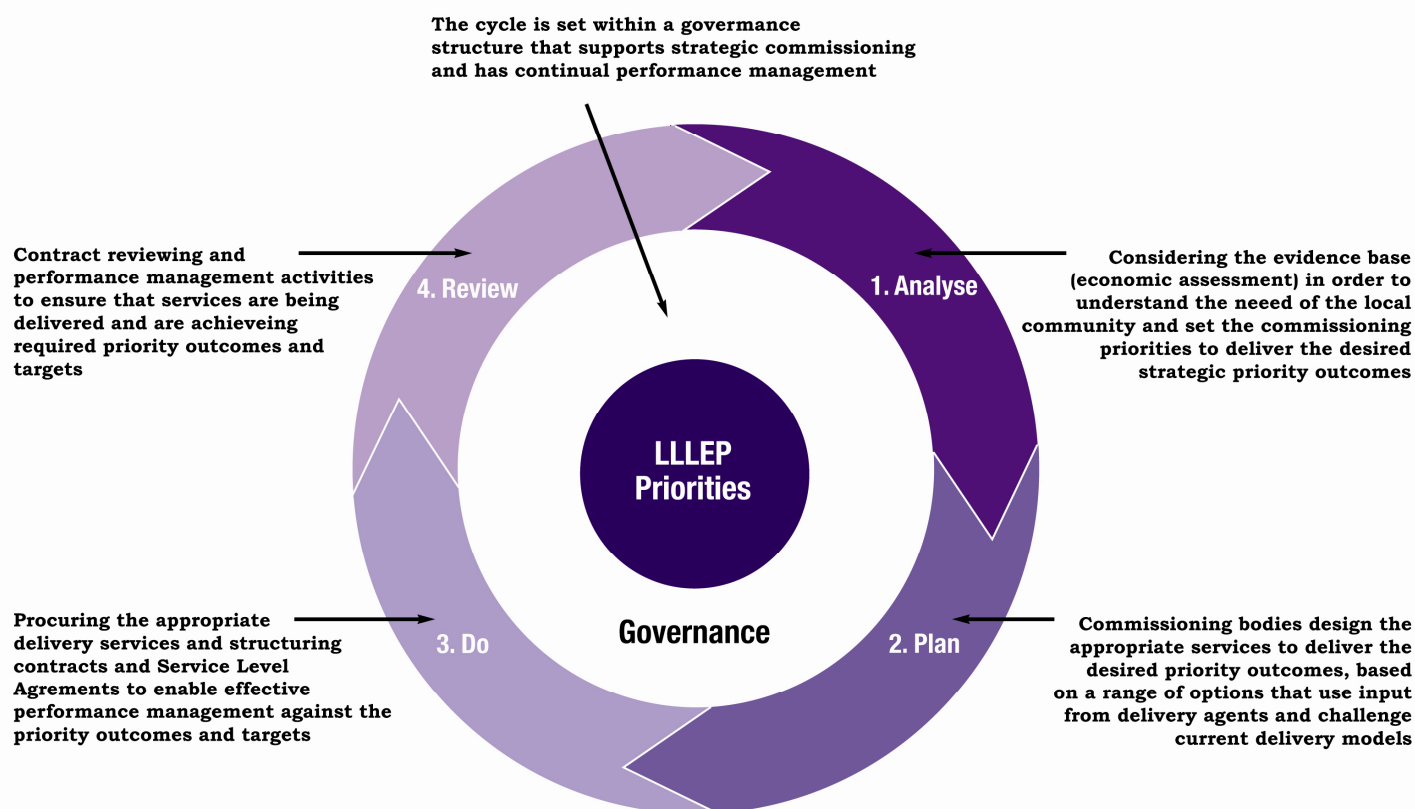
2.4 The LLEP will provide strategic leadership for the following themes:

Enterprise and Innovation	Employment and Skills
<ul style="list-style-type: none"> • Promotion and development of an enterprise culture • Local business advice and support • Business start up provision • Growth and diversification • Access to finance for business • Inward Investment • Investor development • International trade (China and India) • Sector development and growth • Innovation and technology development and transfer • Research and development • Physical infrastructure to support business development and growth 	<ul style="list-style-type: none"> • Primary, secondary and education at Key Stage 4 • 14-19 education and training • Further education • Higher education • Adult numeracy and literacy • Apprenticeships, including high level apprenticeships • Employer Engagement • Vocational training • Entry into employment • Volunteering • Economic and financial exclusion • Participation rates for vulnerable

<ul style="list-style-type: none"> • Encouraging and developing Social Enterprise • Support for SMEs to access public procurement 	groups
<p>Housing, Planning and Infrastructure</p> <ul style="list-style-type: none"> • Strategic planning support for local planning and delivery of growth • Housing, employment land and infrastructure • Regeneration of brown field sites • Strategic regeneration areas • Employment land and workspace provision • Low carbon and resource efficient development • City centre development • Town centre regeneration • Neighbourhood regeneration • Green infrastructure • Social and community infrastructure • Services and highway infrastructure 	<p>Transport</p> <ul style="list-style-type: none"> • Strategic commissioning and delivery • Public transport provision • Congestion reduction • Transport infrastructure
<p>Rural</p> <ul style="list-style-type: none"> • Diversification • Technology and innovation in agriculture and horticulture • Sector development including the woodland economy and tourism • Accessibility including community transport and access to services • Provision of rural workspace • Enabling affordable rural housing • Town and village centre development 	

Strategic Commissioner

2.5 The LLEP will adopt a strategic commissioning approach to deliver economic development and regeneration across Leicester and Leicestershire. This is the process through which we will ensure that the most cost effective services are put in place to deliver our priorities. This approach requires all partners to consider the ways in which we spend public money, and the impact this has on our common set of priority outcomes. The diagram below illustrates the four stages of the strategic commissioning cycle; Analyse, Plan, Do and Review.



Capacity and Expertise

2.6 There is capacity and competency within our partnership to deliver our priorities and arrangements are in place to deliver each stage of the commissioning cycle. We have capacity and expertise in economic research and analysis, strategy and policy development, procurement and contract management, and programme and performance management. We also have robust arrangements in place to undertake stakeholder and customer engagement and consultation.

2.7 We have established a shared service with responsibility for developing and implementing the partnership's strategic commissioning framework. The LLEP Support Team is based at Leicester City Council and will provide the support function for the partnership. The core responsibilities of the Support Team are to:

- Support the LLEP Board, Executive Board and Strategy & Monitoring Groups
- Prepare, consult and maintain the joint Local Economic Assessment (LEA)
- Develop, consult, implement and review the Economic Strategy
- Develop and deliver the commissioning strategy
- Prepare and oversee the implementation of 3-year joint commissioning plans and investment plan
- Influence the strategies, plans and policies of regional and national agencies to ensure mainstream resources of national partner agencies are aligned to deliver the LLEP's priorities

- Commissioning, procurement, contract and programme management
- Performance management, monitoring and evaluation

2.8 The partnership has completed the analyse stage of the commissioning cycle by completing a joint economic assessment and preparing a draft commissioning strategy.

3. PROPOSED LLEP GOVERNANCE

Geography

3.1 The rationale for developing the LLEP is based on the geography of our sub-region. It also recognises an economic block with a population of one million people and a GDP of £18.5billion pa. The sub-region functions as an integrated economic area because of its travel to work, retail patterns, inter-commuting and transport links. The LLEP will provide the opportunity for the business sector, the City, County and District Councils and third sector partners to continue to work together on shared priorities. The LLEP will also provide joint public, private and third sector leadership on a wide range of issues that impact on our local economy.



Travel to Work Areas in and around Leicester and Leicestershire.

As the map above shows, the combined administrative boundaries of Leicester and Leicestershire are closely aligned to the formal Travel to Work Areas produced by the Office for National Statistics (ONS).

Leicester City Working Residents

- 82.4% work in Leicester
- 13% work in Leicestershire
- 95% of Leicester City residents work in the sub-region

Leicester City Workforce

- 54% come from Leicester City
- 35% come from Leicestershire County
- 89% of Leicester City's workforce lives in the sub-region

Leicestershire County Working Residents

- 66% work in the County
- 19% work in Leicester City
- 85% of Leicestershire County residents work in the sub-region

Leicestershire County Workforce

- 80% lives in Leicestershire County
- 6% lives in Leicester City
- 86% of the Leicestershire Workforce lives in the sub-region

Working across LEP Boundaries

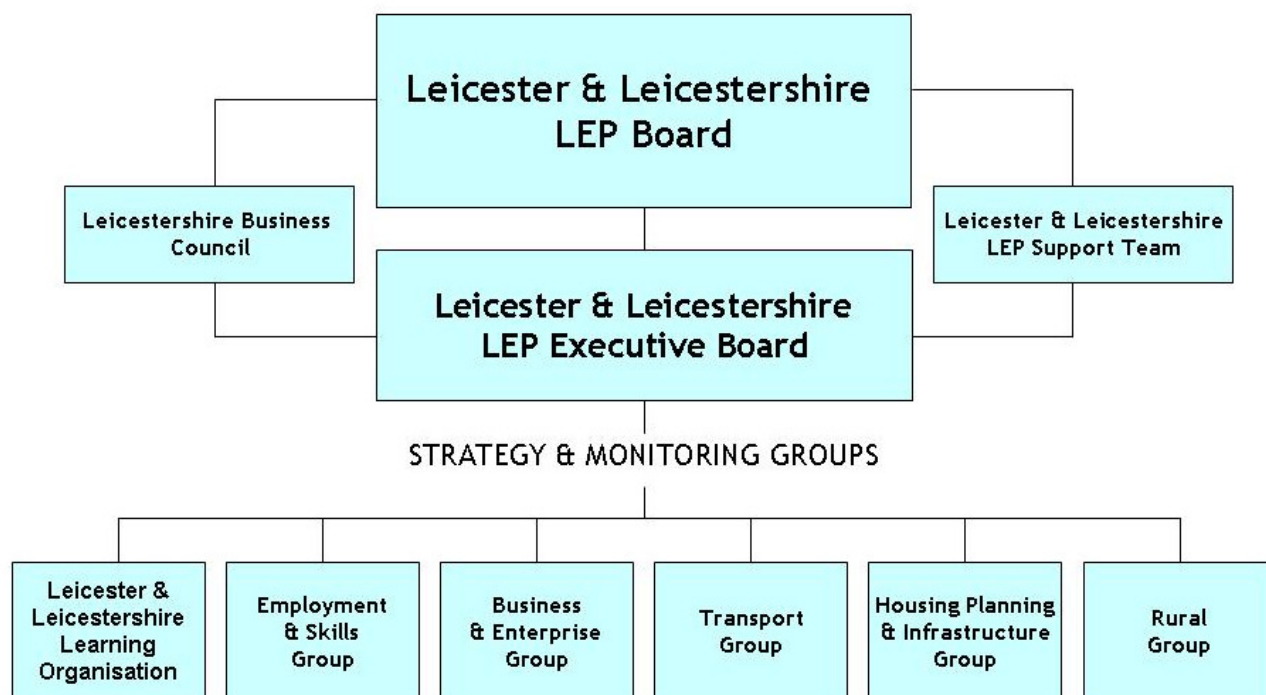
- 3.2 The LLEP will work across boundaries on common strategic priorities and we have already explored this approach with neighbouring areas. This approach will enable co-commissioning of activities that deliver mutual economic benefits and efficiencies across LEP boundaries. We have a strong track record of successfully delivering projects and programmes across political boundaries including the New Growth Point across Leicestershire, Derbyshire and Nottinghamshire.

The following areas of collaboration are being explored:

- **Northamptonshire** – M1 corridor and the distribution sector
 - The concept of an 'enterprise hub' is being considered to deliver activities across Leicester, Leicestershire and Northamptonshire to take advantage of economic opportunities across our LEP areas. A joint letter supporting this approach has been sent to the Secretary of State.
- **Warwickshire/ Coventry** - automotive sectors
- **Nottingham, Nottinghamshire, Derby and Derbyshire** - East Midlands Airport, automotive sector, international links with China
- **Staffordshire** - National Forest and tourism
- **Rutland and Lincolnshire** - rural economy

LLEP Structure

- 3.3 A key feature of the LLEP is that it reflects our intention to integrate activity across a range of themes required to achieve real change.



3.4 The proposed LLEP governance structure is based on the existing sub-regional partnership and the groups identified above are already in place to take on the responsibilities of the LLEP. However, as part of the convergence there will be a review of the role and membership of the various groups to ensure that these are ‘fit for purpose’ in taking on the responsibilities of the LLEP.

Representation

3.5 The private sector has a leading role at all levels in the governance arrangements enabling real engagement in developing strategy, co-ordinating delivery and in decision making. The Business Council is represented on each of the partnership groups, including the LLEP Board, Executive Board and Strategy and Monitoring Groups, therefore the private sector will be actively involved in shaping strategy and making decisions on public funding expenditure.

LLEP Board: Will comprise of 50% private sector and 50% public and third sector members. The Board will be chaired by a leading business representative:

- 7 Business representatives
- Leicester, De Montfort or Loughborough University representative
- 2 Leicestershire County Council elected representatives
- 2 Leicester City Council elected representatives
- 2 District Council elected representatives (representing 7 Districts)
- Voluntary and community sector representative

LEP Executive Board: Representatives from the public, private and third sectors will form the LEP Executive Board. The Executive Board will be chaired by officers of the City and County Councils and a representative of the Business Council:

- Strategic Director, Leicester City Council
- Assistant Chief Executive, Leicestershire County Council
- Chief Executive, District Council (representing 7 Districts)
- Chief Executive, Voluntary Action Leicestershire
- Director of Leicester & Leicestershire Learning Organisation (LLLO)
- Chair of Business & Enterprise Group
- Chair of Employment & Skills Group
- Chair of Housing, Planning & Infrastructure Group
- Chair of Transport Group
- Chair of Rural Group

LEP Strategy and Monitoring Groups: Representatives from:

- Public sector agencies
- Business representatives, including those nominated by the Leicestershire Business Council
- Voluntary and community sector representatives

Accountable Body

- 3.6 The Government will require a contractual arrangement with the appropriate accountable body through which the responsibilities and funding will be devolved from Central Government Departments and their agencies to the LLEP. The formation of our current partnership produced three legal agreements that would form the basis of the contractual arrangements for the LLEP:

RDA contract with the Local Authorities: This contract was signed between the RDA and the City and County Councils following the transfer of funding and responsibilities from *emda's* Sub-Regional Strategic Partnerships (SSPs) to the local authorities. This would form the basis of the contract between the LLEP and Government.

Partnership Agreement: This agreement established the existing partnership and the shared service based at Leicester City Council and would form the basis of the LLEP agreement locally.

Accountable Body Agreement: Leicester City Council currently acts as the accountable body for the existing partnership and the RDA's sub-regional allocation. This agreement would continue and the City Council would act as the accountable body for the administration of LLEP funds, including funding transferred from the RDA.

- 3.7 The above agreements have been in place since 1st April 2009 and would form the basis of the contractual arrangements to form the LLEP to avoid incurring unnecessary additional legal costs.

Scrutiny

- 3.8 It is important to develop robust scrutiny arrangements to hold the LLEP to account. The scrutiny function would:
- Examine decisions that have been made
 - Evaluate policies, performance and progress
 - Ensure that consultation, where necessary, has been carried out
 - Highlight areas for improvement
 - Ensure services are effective, efficient, and responsive to needs
 - Review services
 - Ensure that the LLEP's activities represent value for money
- 3.9 Leicestershire County Council, Leicester City Council and the District Councils will consider appointing a Joint Overview and Scrutiny Committee for the LLEP. Its role will be to perform overview and scrutiny functions on behalf of the Councils in relation to the delivery of joint services as outlined in the LLEP agreement.

4. DELIVERY

- 4.1 Strategic commissioning is the process through which the LLEP will deliver its priorities and achieve value for money. LLEP's role is to develop strategy and commission activities to achieve its priorities from a neighbourhood level up to the sub-regional level and to influence the activities of partner agencies to deliver our priorities. The responsibility for delivery falls on those organisations that have been directly commissioned to deliver the activities and those that have successfully bid for these commissions.

Local Economic Assessment and Commissioning Strategy

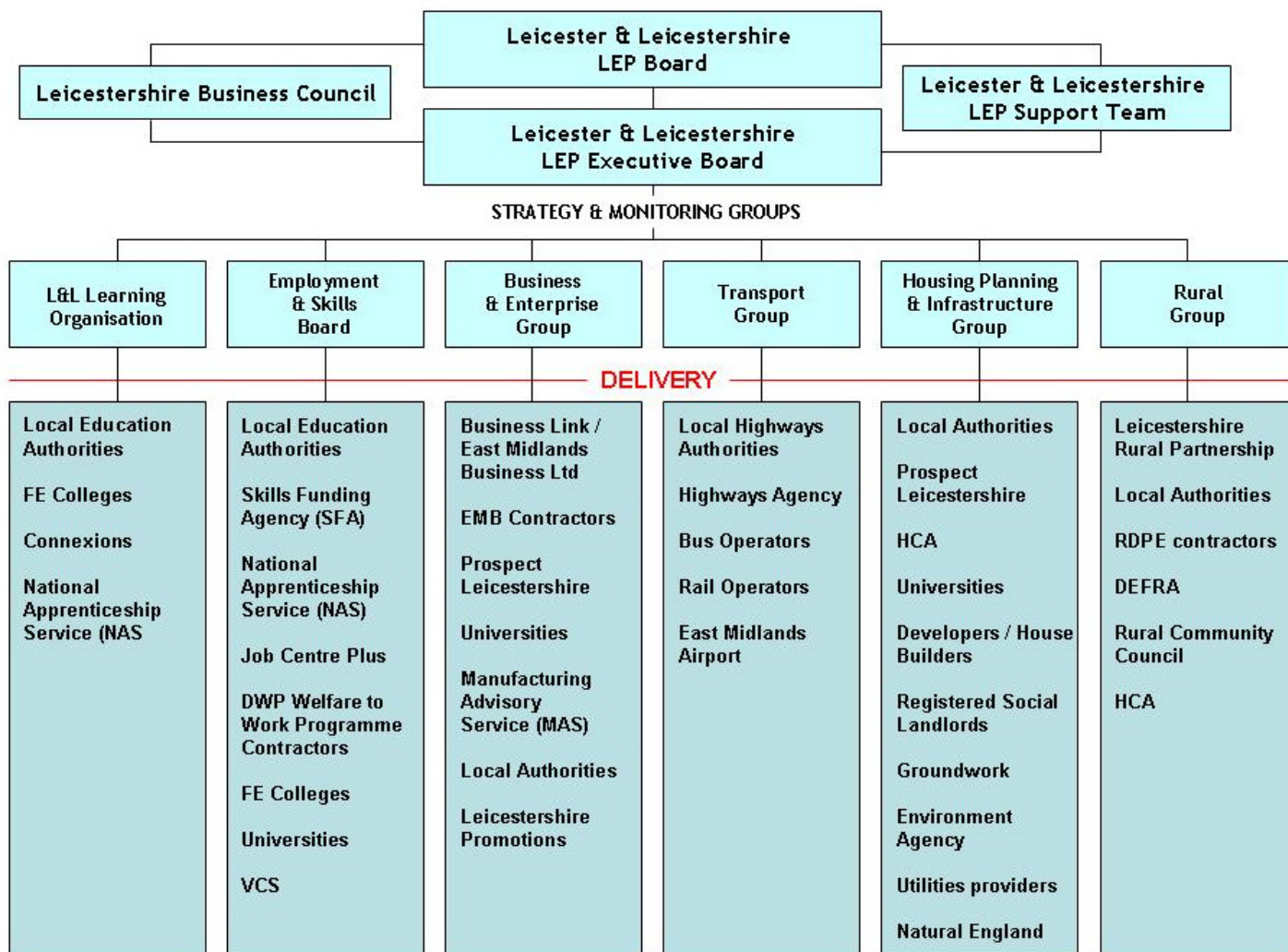
- 4.2 The partnership has made considerable progress in delivering the first stage of its commissioning cycle. The outcomes of this stage have been the preparation of a comprehensive evidence base in the form of a joint Local Economic Assessment which has informed the preparation of a draft commissioning strategy.
- 4.3 Our draft commissioning strategy articulates the strategic priorities that the LLEP will deliver over the next 3 years to enable economic growth in our sub-region. A key component of the commissioning strategy is the performance framework which outlines the outcomes that we will deliver in order to achieve these priorities. The outcomes within the performance framework are based on the evidence in the economic assessment and focus on the economic weaknesses we need to address and the strengths upon which we can build.

4.4 The commissioning strategy will be supported by 3-year strategic commissioning plans for each of the outcomes in the performance framework. Each strategic commissioning plan will:

- Identify national and local partners
- Set out a list of priority actions to deliver the outcome
- Outline the resources available
- Identify and assess the current commitments
- Propose and assess alternative and/or additional delivery options
- Identify performance measures and set targets for the next 3 years

Commissioning and Delivery

4.5 It is important to understand the distinction between strategic commissioning and delivery. The diagram below makes this distinction and illustrates the range of organisations that are responsible for delivering aspects of the LLEP’s economic strategy.



5. ASKS OF GOVERNMENT

5.1 There are a number of supporting measures that the Government could introduce to remove existing barriers which would allow the LLEP to fully integrate and align resources to deliver the priority outcomes in our commissioning strategy.

5.2 We believe that this can be achieved through a place-based budget for economic development in Leicester & Leicestershire which reduces bureaucracy, simplifies delivery, increases efficiency and provides local accountability. A place based budget should:

- be **combined at national level** to make joining up locally as easy as possible;
- have a **consistent minimum** of rules and processes;
- have **maximum flexibility for virement** to ensure funding can be applied to greatest effect;
- be capable of being **applied to sub-regional priorities** that are agreed between national and local agencies and meet local and national priorities;
- be **allocated on a longer-term basis through a sub-regional 'place based budget'** where funding of individual projects is agreed by the LLEP

Our key asks are:

- **Government Level** - Simplified longer-term funding streams aggregated were possible with consistent rules and maximum flexibility
- **Agency Level** - Reduced number of agencies with consistent approaches that allow for co-commissioning at a local level

5.3 The level of resources available from local authorities and national and regional agencies to deliver economic development and regeneration in Leicester and Leicestershire will be known after the Comprehensive Spending Review in October. We suggest that the place based budget approach outlined above is applied to the resources and funding identified below.

Regional Growth Fund

5.4 The Regional Growth Fund (RGF) aims to increase private sector employment in areas which are highly dependent on public sector employment. The economic assessment has revealed that 1 in 3 jobs in Leicester City are in the public sector and this presents a major challenge because of the cuts in public finance. The LLEP will seek to access RGF to implement key schemes such as the New Business Quarter, Leicester Science Park and Loughborough Science and Enterprise Park. These key projects will transform the sub-regional economy by stimulating growth in private sector investment and jobs. We have responded to the Government's consultation on RGF and have highlighted the need for the LLEP to co-ordinate RGF at a sub-regional level through a place based budget approach to maximise its impact.

RDA Funding

- 5.5 The current level of RDA funding allocation to the sub-region is limited and constrained by unnecessary controls. Under the principles of LEPs, the Government is seeking a governance model which will enable it to increasingly transfer funding and responsibilities from the regions to the sub-regions. The LLEP provides the basis to enable key strands of economic development activity to be co-ordinated effectively. We will seek funding devolution from Government to the LLEP on the basis of an alignment of objectives, programmes and outcomes established in both national and sub-regional strategy and the expenditure proposals set out in the related commissioning plans.
- 5.6 The Coalition Government's 'in year' cuts in public expenditure to tackle the national deficit resulted in *emda's* budget being cut by nearly 40% from £131m to £80m in 2010/11. If these cuts are an indication of future funding allocations, then the cuts would not affect the level of investment and delivery, but would be as a result of stripping away the administrative functions of the RDA. The allocation of a proportionate share of the RDA's funding to the LLEP would enable us to make a significant investment in the local economy as opposed to the £2.25m we are currently being asked by the RDA to programme for in 2011/12.
- 5.7 The LLEP Support Team referred to in paragraph 2.7 is jointly funded by the local authorities, RDA and HCA. The annual operational cost of the service is currently £500k funded by a contribution of £240k from the local authorities, £210k from the RDA and £50k from the HCA. *emda* has confirmed that its contribution towards the service in 2011/12 will be £50k and there is no commitment for funding from the HCA beyond 2010/11. We will therefore seek a contribution from Government towards the operational costs of the LLEP from April 2011. This represents a major saving in comparison to the annual £23m administration funding that *emda* receives from Government. Should the responsibility for managing funding programmes such as European Structural Funds, Regional Growth Fund and other funding programmes transfer from existing agencies to the LEP, there will be additional programme management and administration costs for which we would seek financial support from Government

European Structural Funds

- 5.8 In 2007, the East Midlands region received approximately £300m through the European Structural Fund Programmes (2007-13). These Programmes are due to end in three years time. Due to both the economic climate and the need to ensure that we achieve maximum spend or risk having the European Commission claw it back, it will be important to keep funding flowing into those areas eligible for Structural Fund assistance. In addition to this, consultations will begin next year with the European Commission and Government on the future of the European Commission's Cohesion Policy post 2014.

- 5.9 The current ERDF programme managed by the RDAs is due to end in 2013. With the demise of *emda*, it will be important to keep funding flowing into areas until then, and so stability is necessary. To ensure local strategic decision-making can influence delivery at a local level without disrupting programme delivery, the LLEP is best placed to manage the European Structural Funds Programmes, giving greater local control. This will ensure the delivery of economic development opportunities driven by local priorities reflecting local need from the outset, yet minimising any bureaucratic burden.

Homes & Communities Agency (HCA) Funding

- 5.10 From 2011, the HCA is determining its enabling and funding activity through locally produced and owned investment plans. The local investment plan forms part of the commissioning role of the LLEP sitting as one of the suite of documents under the draft commissioning strategy. The LLEP intends to commission the HCA to deliver its priorities through the place based budget.

Impact and Performance

- 5.11 We propose that the performance management framework for the LLEP is closely aligned to national objectives through a Placed Based Budget Agreement. Financial and performance management will be undertaken by the LLEP Support Team which will be accountable to Government and locally for financial and performance outcomes. There will be robust monitoring of all LLEP interventions with appropriate impact assessments and performance measures.

Investment Plan

- 5.12 We believe that the private sector can only flourish and create employment opportunities if the environment in which it operates is conducive to business. The LLEP will seek to build an investment climate in which private entrepreneurs will invest and generate jobs. The partnership will invest in the skills of people so they can participate in the economic growth generated by private entrepreneurs and become entrepreneurs themselves. The LLEP's commissioning strategy will be supported by an investment plan that sets out the key projects that the partnership will commission to achieve our priorities. The partnership has already started to develop an investment plan that outlines the wide range of investment opportunities in the sub-region that the LLEP will seek to support through a place based budget.

6. NEXT STEPS

- 6.1 This LEP proposal puts forward a compelling business case for a Leicester and Leicestershire Local Enterprise Partnership (LLEP). Our existing sub-regional partnership has been operating for 18 months and considerable progress has been made during this time. We have established a strong public, private and third sector partnership that has adopted a strategic commissioning approach to deliver effective and efficient economic

development and regeneration services across Leicester and Leicestershire. We believe our current arrangements have laid a firm foundation for our LEP and that we are in a strong position to become one of the forerunners. We propose the following steps and timetable for establishing the LEP:

- **6th September 2010** - Submit proposal to Government
- **September to November 2010** - discuss and agree our proposal with Government
- **November to December 2010** - Establish shadow LEP Governance arrangements
- **February 2011** - Publish LLEP Strategic Commissioning Strategy
- **April 2011** - LEP formally established and strategy launched. Transition from RDA to commence from 1st April 2011 and completed by April 2012.