

# **Report of the Overview Select Committee The Future of Inward Investment and regeneration activities in Leicester and Leicestershire**

## **1 Introduction**

- 1.1 This report was commissioned by the Overview Select Committee following consideration of a report on Prospect Leicestershire by the City Mayor on 12<sup>th</sup> September 2011 (appendix 1).
- 1.2 This report considers the winding up of Prospect Leicestershire and what that means for the activities that it undertook. As well as some further issues that arose during the enquiry. It has been produced with limited resources so not all comments and information that has been provided may have been captured

## **2 Executive summary and recommendations**

### **Conclusions**

- 2.1 During the last 10 years Leicester has undergone the most significant regeneration in recent times. This was in major part as a result of initiatives taken to set up the Leicester Regeneration Company which evolved into Prospect Leicestershire and the support of the City Council creating a climate for inward investment, development and job creation. It is clear that the national climate, economic and political, that was instrumental in achieving this has changed. However the same challenges remain. (Whole report)
- 2.2 The LLEP has been established with a strong Board and a wide ranging purpose. To succeed former organisations including PL. Wider than any of its predecessors as an organisation. It has only been running since April this year so it is too early to measure its success.
- 2.3 It has an advantage for a time of being one of only two LEPs to have a formal agreement with UKTI for inward investment contacts.
- 2.4 The LLEP website has a good look to it but its content is far from adequate as the portal for inward investment and regeneration. See para 3.6

- 2.5 Existing partnerships and the customer relationship management database have been transferred from PL to LLEP
- 2.6 From the sources we contacted there is strong commitment to making the LLEP work successfully.
- 2.7 Doubts were expressed that the level of resource that the LLEP has is sufficient for it to carry out its huge remit to do what PL did plus skills work etc (see chart page 270. With six staff can it be expected to effectively promote the city and county, respond to enquiries, campaign for inward investment, organise regeneration and develop schemes, understand skill shortages, facilitate sector development, improve business survival and productivity, accelerate existing enterprise growth, and co-ordinate the responses of training providers, schools and businesses, to match skills demand with supply.
- 2.8 Whilst in some areas of the country arm's length organisations have been wound up as in Leicester there is a strong indication that those areas that have been successful in regeneration have continued their arrangements. E.g. Nottingham, Northampton, Liverpool where significant sums for both activity and pump priming of regeneration have been allocated. (Appendix 11)
- 2.9 We must recognise that we are in competition with other areas for scarce resources and that we forget this at our peril. PL positioned us well in this competition and the LLEP will need to do the same.
- 2.10 The closure of PL represents a significant dis-investment and potential downgrading in inward investment, regeneration and job creation activities. PL spend was £1.5m - current spend by LLEP is £168k, City council contribution to PL £175k contribution to LLEP £56k.
- 2.11 The spend on activity at the LRC was £703K with a further £148k on specialist consultants. The contribution from the City council was £252K pa
- 2.12 The spend on activity at the LSEP was £250K pa
- 2.13 The City council is currently investing over 6 times as much in tourism promotion £382k, previously £552k pa., as it is in the LLEP - £56k. The council invests other resources in regeneration and inward investment in terms of staff time. We are not questioning the level of investment in tourism

simply that the low level spending in comparison, in supporting the activities of the LLEP is a serious concern.

- 2.14 Some staff at PL had a high reputation beyond the city and brought added value to the work.
- 2.15 Leicester and Leicestershire have gone from being ahead of the game in work and investment in this important area to one of the few places without a significantly funded arm's-length operation to drive regeneration and spending significantly less than before.
- 2.16 Even though job creation is one of the highest priorities of the executive, there has been no significant re-prioritising or extra resourcing into job creation and inward investment by the executive. The related activities in 100 days plan have not required extra resources.
- 2.17 We cannot identify any significant campaign activity to attract business into Leicester since the closure of PL
- 2.18 There is concern that with regeneration activity now returned to the constituent councils, City, County and District, both the critical mass of activity will be lost, and the activity may be more vulnerable to cuts. It is also noted that for many districts sustaining separate economic development functions is not a realistic possibility.
- 2.19 There were at the time of closure strong reasons to support the continuation albeit in a reduced form of PL. eg Ensuring continuity of operation, profile, skills and partnership working. See appendix 7
- 2.20 The 'high salaries' argument is understandable – the company was set up to handle multi-million pound projects and the salaries, particularly of the senior people and the regeneration team, reflected that. With the dramatic reduction in funding, such projects were increasingly unlikely. But then we need to remember that Prospect made its regeneration team redundant by the end of 2010 and the chairman was willing to work for nothing once his notice was finished – and the chief exec proposed to take a pay cut. That left investment staff, the PA and head of regeneration whose costs will be more than covered by the funding from the Regions of Knowledge project.
- 2.21 The continuation of PL in a reduced form was a real and deliverable proposal (see appendix ) What started off costing around £1.5m was going to cost about £350k – shared between city and county, with the reductions in staffing

costs, which was within the budget that the council had allocated. See Appendix 7

- 2.22 The speed with which PL was closed could have jeopardised the EU funded Regions of Knowledge project with the University of Leicester.
- 2.23 That regeneration is a long term business with major changes taking at least 10 years. It is important therefore that local authorities and local business take this perspective in terms of their support and investment in regeneration. Local authorities have an important role to play in ensuring continuity despite the vagaries of national political change.
- 2.24 In Leicester the amount of investment in inward investment, regeneration and job creation is at its lowest in 10 years. Whilst there is less money available from government the need remains and the competition for these resources is scarcer than ever. In this climate it is arguable that we should be at least maintaining our investment in this work if we are to continue to be successful. This could be a time for planning and developing projects that meet the requirements of the £1.4bn Regional Growth Fund. T which bids so far across the country have been remarkably unsuccessful.

### **3 Recommendations**

- 3.1 In future when major decisions are taken e.g. to close organisations, there should be scrutiny of the proposals beforehand.
- 3.2 That to maximise Leicester and Leicestershire's opportunities for regeneration, job creation and inward investment the executive considers improving this work through increasing the resources available to carry it out.
- 3.3 As a first move to do this it is suggested that the £175k representing the city council's contribution to PL be ring- fenced for regeneration and inward investment activities.
- 3.4 The County Council be requested to likewise ring fence its contribution. This would at least provide the resources necessary to continue to promote the city and county, develop projects, refresh the masterplan and so on.
- 3.5 Should resources be made available the for example a new planning exercise could be undertaken for the city, looking at the whole city and linking to the ONE Leicester Vision.

- 3.6 The LLEP website needs considerable improvement as a matter of urgency.
- 3.7 There should be a skills audit of those involved in these activities across all agencies to ensure that we have the right skills to achieve our aims.
- 3.8 The LLEP should be encouraged to undertake further sectoral work, eg in the specialised motor industry across county boundaries.
- 3.9 The effectiveness of the LLEP should be monitored by the Economic Development Scrutiny Commission.
- 3.10 That Issues around skills arose a various points in this enquiry and touched on the debate around what was taught in schools. A recurrent issue was the lack of practical skills related education at Key Stage 4 (GCSE). The national curriculum does not seem to place enough value on practical skills, and manual dexterity, learnt through art and craft, engineering and so on. This point, about 'making', is too wide for this enquiry but the CYPS Commission may want to look at this and what its implications are for a broad education that equips young people in the best way possible for their future. There is a sub-related issue that because these practical subjects are not valued at Key stage 4, many parents and children do not value the careers that they may lead to, restricting their life chances early on.

## **4 Methodology**

- 4.1 This review was conducted through a combination of presentations and reports to the Overview Scrutiny Commission, one-on-one interviews were conducted by the Chair of the OSC and Member Support Officer with key individuals within the Council, other local authorities and third party groups associated with economic regeneration and development within Leicester and Leicestershire.
- 4.2 Background and policy papers both within Leicester City Council and looking at the regional and national policy framework were also consulted as well as accounts and other formal documents relating to the activities of a range of organisations.

## **5 Background**

### **Political and Economic Context**

5.1 This has changed significantly with the onset of the international recession and the election of a new government. The government has removed the Regional Development Agencies and most of the funding that went with them, It has created the Regional Growth Fund.

5.2 The Regional Growth Fund (RGF) is a £1.4bn fund operating across England from 2011 to 2014. It supports projects and programmes that lever private sector investment creating economic growth and sustainable employment. It has also created the requirement for LLEPs see below.

a. The new Council and Mayor were elected on a platform that included a manifesto commitment to working with partners to promote the City, support the economy, attract new investment and jobs and develop new skills.

b. It says the Council will: “take a leading role in creating and supporting both strategic and city-focussed delivery partnerships for economic growth and regeneration.” A fuller reference to the manifesto is on Appendix 13.

c. A number of regeneration related groups, companies and organisations feature within the city over the last 15 years. Amongst these have been:

- Leicester City Council
- Leicestershire County Council
- District Councils
- Leicester Shire Promotions (2003-) extending its remit from city to County
- East Midlands Development Agency (1999-2012)
- Leicester Regeneration Company (2002-2009)
- Prospect Leicestershire (2009-2011)
- Leicester and Leicestershire Local Economic Partnership (2011-)

### **5.3 Leicester Regeneration Company**

5.3.1 In 2001 the City Council created the Leicester Regeneration Company (LRC) as a political initiative. The LRC was formed in response to the lack of inward investment and regeneration in the city. Its purpose was to drive forward investment and regeneration through clarity of purpose and leadership. With a specific brief to improve relationships with the private sector including developers.

5.3.2 It was effectively a partnership between the City Council, EMDA and English Partnerships, the national regeneration organisation and was one of 16 regeneration companies set up across the UK.

**5.3.3** Engaging more effectively with business than the Council had been able to do and creating a reputation for the city that welcomes high quality developers and development. Its form and purpose was similar to other Urban regeneration Companies.

5.3.4 There was then a strong consensus that these activities would be more effectively led through an independent private sector style organisation. LRC was an independent company with a board from the private and public sector under the Chairmanship of Peter Wheeler.

5.3.5 It produced the first ever *Masterplan* for the city focussing on the inner city within the ring road with five key areas:

- The Business Quarter
- The Retail Circuit
- St Georges New Community,
- the Science Park and
- the Waterside

(The Cultural Quarter and the Old Town redevelopments predated the formation of the LRC)

5.3.6 Many of these projects continue to dominate economic development and targets for inward investment and job creation.

5.3.7 The Masterplan provided the basis for a number of key decisions including land and building use, supplementary planning guidance, highways and transport planning .

5.3.8 The LRC delivered, with its partners, some major achievements such as

- **Colton Square** (108k sq ft of office and restaurant space),

### **Highcross**

- Over 2,000 retail and leisure jobs have been created by Highcross Leicester.
- The Work Highcross initiative, including the setting up of a special Multi Access Centre, helped the long term unemployed retrain to provide job ready candidates for retailers
- 1,000 construction jobs were created during the development of more than 450k sq feet of new office space. More than 30% of construction jobs were for people within Leicester and Leicestershire
- **The Science Park**
- **Plans for the Waterside development, including a new bridge to Wolsey Island, and**

- Plans for the railway station improvement involving the relocation of the Royal Mail sorting centre (New Business Quarter 2).

5.3.9 LRC won a national award as best regeneration partnership at the Regeneration and Renewal Awards in September 2009. LRC had demonstrated the benefits of this type of arm's length vehicle for delivering the benefits of regeneration. By that time LRC had been reconstituted as Prospect Leicestershire.

5.3.10 The budget for LRC in the year to March 2008 was £1.3m. Staff and directors' costs and overheads were £535k. Spending on projects was £480k and £129k was spent on consultants' fees.

5.3.11 Support from Leicester City Council amounted to £252k, with English Partnerships and EMDA contributing similar amounts.

5.3.12 The comparable figures for the year to 2009 were a turnover of £1.44m, staff and directors' costs of £703k, project costs of £439k and consultancy fees of £148k.

5.3.13 Projects which were backed by LRC included the following studies and reports

- Abbey meadows: Cumulative transport assessment
- Abbey Meadows: Phase 1 transport assessment (2005)
- Abbey Meadows: phase 2 transport park
- Earl Shilton: Employment land analysis
- New Business Quarter: Various documents
- Northgate: Grounds investigation study
- Sanvey Gate: Junction option analysis
- Science Park: Agricultural and ecological survey
- Science Park: Funding applications: business plan
- Science Park: Managed workspace – brief specification
- Science Park: Leicester Science Park – demand analysis
- Science Park: Demand and feasibility study for high quality science parks
- St Georges North: New communities report development framework
- St Georges North: Transport assessment
- Waterside: Transport assessment scoping report
- Waterside: The marina – feasibility report – topographical survey
- Waterside Bridge: Geo-environmental investigation report.

5.3.14 Most of these projects were taken over by Prospect Leicestershire. A theme repeated by a number of witnesses was that regeneration takes a long time to develop and came under a number of different organisations during their lifetimes. Ten years should be seen as a normal planning horizon in which to make significant difference.



## **5.4 Leicester Shire Economic Partnership**

- 5.4.1 Leicester Shire Economic Partnership was formed in late 2001 when a shadow board was created. In spring 2002 the East Midlands Development Agency formally recognised LSEP as the sub-regional strategic partner for Leicester and Leicestershire.
- 5.4.2 LSEP became a not-for-profit private company in September 2002, with a board representing a wide range of local community and business interests. Its activities were folded into the City Council's economic development activities in 2009 as part of Prospect Leicestershire.
- 5.4.3 Funded through EMDA, this organisation had a series of programmes across the city and county, including
- Leicester Old Town master plan (£100k)
  - Hinckley Business workspace (£1.1m)
  - Twycross Zoo (£1.8m)
  - National Space Centre revenue and capital (£400k).
- 5.4.4 The budget for running LSEP in 2009-2010 was £250k, funded through EMDA. This mainly covered staff costs and marketing activities.

## **5.5 Leicester Shire Promotions Ltd (LPL)**

- 5.5.1 Leicester Shire Promotions (LPL) was formed by extending the geographical remit of Leicester Promotions in July 2003 and is a private, not-for-profit company.
- 5.5.2 It is a partnership between Leicester City Council and Leicestershire County Council and the tourism industry and its board reflects local business and tourism interests as well as De Montfort University's director of external relations, the National Space Centre and Great Central Railway.
- 5.5.3 It is the Destination Management Organisation (DMO) responsible for promoting Leicester and Leicestershire to visitors, and its role includes an accommodation booking service linked to local hotels and has a national reputation as a very strong performer in this arena.
- 5.5.4 Within this organisation sat Invest Leicestershire, a team of six which was the main body promoting investor development and inward investment within the city. This function was transferred to Prospect Leicestershire in 2009. Four FTE LPL staff were transferred from LPL to Prospect Leicestershire, in part via East Midlands Business, acting as an agent for UKTi. EMDA had provided

£250k of support to LPL for marketing and staff costs. That funding has ended.

5.5.5 LPL activities now focus on:

- Destination leadership and coordination
- Attracting visitors
- Developing services for visitors
- Providing services to the tourism industry

5.5.6 Its corporate objectives are to:

- Attract more business and leisure visitors to Leicester and Leicestershire
- Improve the contribution to the local economy made by tourism
- Ensure a strong and effective business, run and managed to the highest standards

5.5.7 It runs the Tourist Information Centre in Leicester's Town Hall Square.

5.5.8 [The latest annual report](#) shows turnover of £1.36m the year to March 2011 (£1.389m in year to 2010). Funding from Leicester City Council was £552k in 2010-2011, reducing to £382k in this financial year.

## **6 Changing landscape**

6.1 As ever the landscape was changing and the government through EMDA wanted to create stronger sub regional partnerships and devolve more of its spend to them. This took the form of a partnership between the City and County, the Districts and the private sector in Leicester and Leicestershire.

6.2 This work continued through 2005-7 and government policy was indicating support to the formation of City Development Companies. This became a commitment in Labour's 2007 local election manifesto.

6.3 Following the elections in May 2007 that election promise was fulfilled by the creation of Prospect Leicestershire. It was determined to set up the new organisation before closing the LRC and LSEP to ensure maximum continuity of activities and profile

### **6.4 Prospect Leicestershire (PL)**

- 6.4.1 Prospect Leicestershire was set up in 2009 as a new organisation taking on the responsibilities of both the Leicester Regeneration Company and the Leicester Economic Partnership (LSEP). Prospect Leicestershire was to represent a step change in the scale, profile and investment in activities supporting the creation of prosperity and jobs. It was observed that *“for the first time we had a single entity that rose to the challenge of engaging with business on a national footing”*
- 6.4.2 Whilst serving Leicestershire the emphasis was to be on focusing on specific activities in the Leicester Urban Area. A July 2008 LCC Cabinet report outlined the process for setting up the new Prospect Leicestershire can be found [through this link \(see also Appendix 2\)](#).
- 6.4.3 [A support paper providing further information was tabled at LCC Cabinet in March 2009 \(Appendix 3\)](#)
- 6.4.4 The creation of the agency also reflected policies within the One Leicester vision which looked for an urban regeneration company for Leicester which would deliver the policy of the then government to set up a sub-regional economic development organisation sitting below and working with the East Midlands Development Agency (EMDA).
- 6.4.5 In the year ending March 2009 PL’s overall budget was £1.436m, of which £586,000 were direct staff and directors’ salaries. In the following year the overall budget rose to £2.17m, with £731,000 for salaries.
- 6.4.6 Initially core funding for Prospect Leicestershire comprised the following contributions:
- Leicester City Council £250,000
  - Leicestershire County Council £250,000
  - East Midlands Development Agency £250,000
  - Homes and Communities Agency £250,000
  - District authorities in the county £125,000
- 6.4.7 There was also additional funding for specific projects – including around £260,000 from EMDA for the inward investment operation. When this contribution was reduced for the second year of operation, the city and county councils each provided an additional £100,000 to ensure inward investment promotion could continue.
- 6.4.8 Following the General Election in May 2010, public bodies faced substantial reductions in budget as the new Government moved to reduce the national financial deficit. By the end of calendar year 2010 Prospect had reduced its regeneration team from 7 to just 2 part-time workers.
- 6.4.9 Further reductions in staffing and costs were implemented from the start of 2011 and the organisation running costs were reduced to within the County

and City's joint contributions totalling £420,000. The executive chairman was put on notice. At the time of closure, the company employed six full time members of staff from an original total of 17.

6.4.10 Specifically, Prospect Leicestershire was tasked with establishing:

- Further regeneration of Leicester city centre as a vibrant family-friendly focus with a strong cultural focus
- Talk up Leicester – encouraging innovative ideas within the city and also promoting the city as a positive asset regionally and in wider economic and cultural partnerships
- Development of world-class public services, partly through the co-ordination of economic delivery functions across the city and the county.
- Supporting the development of a suitable supply of employment land across the city.

6.4.11 It was decided by partners to have a paid executive chairman and a staff profile that brought a significant track record to the company. The location at Colton Square, was to underline its importance and identity with new and successful regeneration. Under a chief executive PL had three heads of service. Each headed up a team dedicated to urban development, business support and innovation and inward investment.

6.4.12 Projects on which PL worked included:

- Highcross (now completed)
- Leicester Science and Innovation Park
- St George's North
- The Cultural Quarter
- New Business Quarter 2 (NBQ2); and
- Waterside development.

6.4.13 Additionally, the developing Ashton Green project was coming into focus as a development project. Officials calculated Prospect Leicestershire had worked on around 25 projects, but this included a number of feasibility studies.

A separate list of scheme which the LEP was asked to forward to Government as possible economic development projects is listed in Appendix 12

6.4.14 PL also delivered the Market Harborough Innovation Centre, with the help of EMDA funding.

6.4.15 Prospect Leicestershire was an ambitious project created out of the vision that an economic partnership between the city and county, and district, councils,

supported and led by the private sector, could win substantial public and private funding and make a real difference to local economic conditions.

6.4.16 It was overtaken by dramatic changes in local and national economic and political circumstances that cut public sector resources, dried up funding and made the original vision very difficult to fulfil at the current time. But it must not be forgotten that regeneration and sustainable economic growth is a long term business.

6.4.17 However, in its two years of operation, Prospect Leicestershire made progress in a number of important areas. Achievements included:

- Helping the University for Industry expand in Leicester rather than elsewhere – creating around 100 new jobs and protecting a similar number.
- Bringing an electric car manufacturer to the county – now based at MIRA and with the potential to create future jobs.
- Attracting a major Indian bank to open its first UK branch outside London – Canara Bank in Belgrave.
- Prospect helped broker the acquisition of the International Hotel in the Cultural Quarter by a major investor who plans £14m of improvements.
- Also in the Cultural Quarter, Prospect played a key role in the move of four creative sector companies into old buildings.
- Developing the first comprehensive property strategy to aid future development in the Cultural Quarter.
- Securing £600k of European funding for the city council's Rutland Street workplace project.
- Winning £4.2m of European and emda funding on behalf of Harborough District Council and then project managing the successful development of a 30,000 sq ft innovation centre with potential to create 180 jobs
- At the time of closure was working with Charnwood District Council on the £9m project to transform Loughborough station.
- Won £9.5m public funding for the development of Leicester's New Business Quarter next to Leicester Station. Despite the loss of that funding due to national policy changes, agreement is still in place for the overall development.
- Developing the highest profile to date for the city and county in the inward investment world – based around a “No Boundaries” proposition highlighting the ease with which companies could now access the benefits of relocation to and development in the sub region. This involved significant investment of time and money in establishing both the profile of the sub region as a place in which to invest and develop and the new company as the new, easier point of entry when it came to brokering meetings and initiating discussions with the relevant authorities.
- Created network of high-level private and public sector contacts to seek leads.

- More collaboration than ever before between our three universities.
- Key support to the private sector to allow the development of the first detailed long-term strategy for the local economy – something that is already guiding the new local enterprise partnership, whose role is to set the local strategy.
- Project coordinator role in a multi-million pound European Regions of Knowledge project that could open the way for a second phase of additional European funding of sustainable development in the city and county.

6.4.18 Prospect Leicestershire had up to 18 staff, including around four who were on fixed term contracts. Activities were concentrated on three broad areas.

## **6.5 Marketing and economic development**

6.5.1 One of the advantages of PL is that it combined the previously separated functions of marketing and economic development. The latter included the identification of suitable development/employment land.

6.5.2 It worked across administrative boundaries, recognising the inter-dependence of city, county and districts..

## **6.6 Relationships with business**

6.6.1 PL fulfilled the requirement of the councils and business, including potential inward investors, to have one point of contact for all enquiries. PL developed an account management system and customer relationship management database for the first time.

6.6.2 Representing a significant improvement in the way in which we respond to the private sector. PL was able to act as an effective broker with local authorities, and government agencies and the planning function. Building on the work of the LRC it quickly established itself.

6.6.3 Prospect Leicestershire's work tended to be in areas where either there had not been any significant progress made through "conventional" channels – i.e. by pre-existing bodies like local authorities and other organisations. There will be a variety of explanations for this.

6.6.4 One of the advantages of an arms-length operation is that it makes speculative discussions about development and investment possibilities much easier and productive as the private sector responds more readily to the "market facing" organisation.

6.6.5 It was found that the substantial private sector experience of the Prospect made for easier and more productive discussions with private sector

developers and investors. In addition, a smaller, more focused and streamlined operation made it easier to make real progress on project development and sourcing funding.

- 6.6.6** One impact of the ending of support for the East Midlands Development Agency (EMDA) and therefore PL is the closure of the East Midlands China Business Bureau on 30<sup>th</sup> September 2011.
- 6.6.7** The Bureau was set up in 2006 to take advantage of the growing economic market in China, and its activities included support for twinning links between Leicester and Leicestershire and Sichuan Province.
- 6.6.8** Those twinning links went back as far as 1984 and included trade, planning, economic, educational, environmental, cultural and arts issues. Local business figures appear to have valued these contacts highly.
- 6.6.9** A new organisation, the [China Business Association](#), has been set up as “a **not-for-profit network** for Chinese business and academic professionals working, studying and living in Leicestershire and East Midlands, as well as anyone who is interested in China generally.”
- 6.6.10** A feature of the new Association is a [China Talent Bank](#) “designed to help members promote their expertise, skills and knowledge to the business and local communities.”

## **6.7 Strategic regional/sub-regional relationships**

- 6.7.1** PL was building a number of key relationships involving the city universities, Nottingham University and agencies and local authorities in Poland, Italy and France.
  - 6.7.2** This relates to a three year project for the European Community worth €2.75m. The project seeks to exploit hardware and software technology developed at the universities to improve traffic flow management, mainly in urban environments, and is on-going following the closure of Prospect Leicestershire. The project involves developing a policy and specifications framework for the European Commission against which bids could be made.
  - 6.7.3** It is the major continuing project from PL and is being developed within Leicester City Council. The member of staff from PL has transferred to the city council to ensure the expertise exists in-house to continue to deliver this project. Their salary and that of a PA (post currently vacant) is covered by the EU funding.
- 6.8** Promotional campaigns included

- working with a London-based agency to attract inward investment (Governetz)
- Three universities for Business – a project which led full university collaboration to promote a HEIFCE bid (a bid which saw the universities working closely with PL to produce a unified bid for funding)
- A Business Process Outsourcing (BPO) campaign – to set up call centre and other business support units - given the right accommodation. This project may be continued under the new LEP
- Telemarketing of the area based on a 13,000-strong contact list (database). The work was outsourced from PL because of a lack of capacity
- Vision2020 – a project with De Montfort University LCB, Phoenix and Leicester City Council to bring together business and creative groups to encourage long term sustainable thinking about future ([www.vision2020.org.uk](http://www.vision2020.org.uk)).

6.9 Legacy projects have resulted from this latter event, including the encouragement of green spaces and sustainable development thinking.

6.10 Major work still in progress in July 2011:

- Project coordinator for European Regions of Knowledge funding bid involving Leicester and DeMontfort universities plus universities and other bodies in France, Italy and Poland.
- Project support for final stages of Harborough Innovation Centre.
- On-going inward investment campaign – moving to target those organisations most likely to be commissioned by public bodies and with potential for relocation to the sub region – eventual plan to engage all major public sector organisations in city and county to seek coordination of property development in order to maximise attractiveness of area for Government department relocation.
- University coordination – strategy group maintaining overview of projects involving collaboration between universities and city and county councils in order to identify new opportunities and minimise duplication.
- Sub-regional economic strategy – continued support work with Leicestershire Business Council on finalising strategy document.
- Enterprise Zones – lead role in developing expression of interest and final (successful) submission of bid for creation of zone at MIRA.
- Continued liaison with potential developers of sites in city and county.

## 6.11 **Merger of PL and LPL**

6.11.1 Once it became clear that Leicester was proceeding with elections for a city mayor, it was agreed that work on any merger would cease until the result of the election – at which time the new mayor would make a decision about the way forward.



6.11.2 A detailed proposal for how Prospect Leicestershire could continue to operate, at substantially reduced cost, was presented to the new mayor immediately after the election. This included the chairman moving to a voluntary role and the chief executive's salary being reduced. See separate document: *'Briefing for Mayor of Leicester, Arm's-length Economic Development Company, May 2011'*. (See Appendix 7)

6.11.3 This proposal was rejected without being subject to any public scrutiny. Additional reasons given at the OSC meeting concerned the level of salaries of staff at PL.

## 6.12 Reasons given for winding up PL

6.12.1 The City Council announced in June 2011 that it would withdraw funding of £175,000 from Prospect Leicestershire, a move which saw Leicestershire County Council also withdraw its support and a similar amount of funding.

6.12.2 An LCC report (Appendix 1) set out the reasons for the closure of PL. In summary, the report stated that the change of Government and the new focus on deficit reduction had "substantially reduced the availability of resources for regeneration, business support and housing related programmes of investment."

6.12.3 The report said the £1.54m budget for PL in 2010-2011 was drastically cut with the withdrawal of funding from a range of agencies including EMDA and the HCA, and a 30% reduction in funding by Leicester City and Leicestershire County Councils. This would have left a £370k budget for funding in 2011-2012.

6.12.4 "As a result it was concluded by Cabinet in February that the delivery of physical regeneration work would be moved in house by the respective sub-regional local authorities who might "contract in" specialist support as required."

6.12.5 [A report to LCC Cabinet, the sub-regional economic development review](#) (7<sup>th</sup> February 2011) - link to report, and referenced in Appendix 4 – approved the setting up of the Leicester and Leicestershire Local Enterprise Partnership and separating out the economic development functions at Leicester Shire Promotions and bringing them in-house.

## 7 **What is now in place to deal with inward investment and Regeneration**

- 7.1 Inward investment activities are now mainly undertaken by the Leicester and Leicestershire Local Enterprise Partnership (LLEP), as reported to the OSC meeting on 1<sup>st</sup> September 2011.. (see appendix 5 for link to minutes)
- 7.2 Leicester and Leicestershire Economic Partnership was set up in April 2011 based on a submission to government underlining its commissioning and strategic role, rather than direct investment.
- 7.3 In this respect, direct funding has been sharply reduced with the closure of EMDA. Both EMDA and the Homes and Communities Agency (HCA) had provided £250k to match the support provided by the City and County Councils.
- 7.4 The LLEP is located within Leicester City Council's Economic Development unit. Its terms of reference and strategy can be [found through this link](#). (While marked draft the paper constituted the final submission to Government for the setting up of the LLEP). The LLEP Support Unit is independent of the City Council's Economic Development Unit and is hosted by LCC. Its future location is being reviewed.
- 7.5 The team within the City Council is made up of a head of support unit plus five support managers. They continue to support the three main areas of activity in which Prospect Leicestershire was engaged; namely
- Business support
  - Inward investment
  - Supporting regeneration projects.
- 7.6 The below diagram gives an impressionist overview of the LLEP and its main strategies and functions.

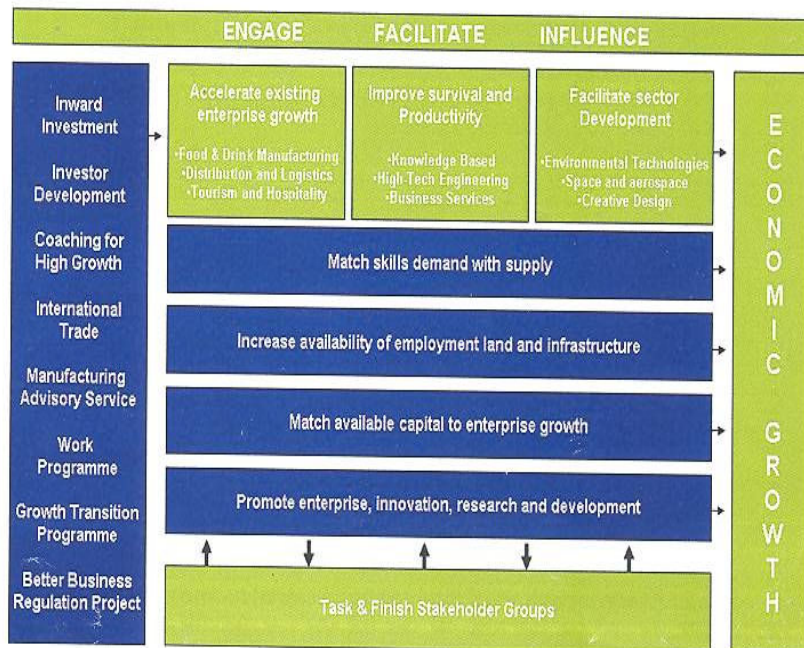


Leicester & Leicestershire  
Enterprise Partnership

**Local Enterprise Board:**

Mr Andrew Bacon (Chairman)	Director	Centrica
Ms Donna Williams	Commercial Director	MIRA
Mr Khalid Sheikh	Chairman	Clifton Packaging Group Ltd
Mr Phillip Cox	Director	Lafarge Aggregates
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Mr Bernard Greaves	Chair of Trustees	Voluntary Action Leicestershire

**LLEP Operating Model:**



LLEP Website: [www.llep.org.uk](http://www.llep.org.uk)

Contact: Mandip Rai – Head of LLEP Support Unit  
Email: [mandip.rai@llep.org.uk](mailto:mandip.rai@llep.org.uk)  
Tel: 0116 252 7312  
[www.llep.org.uk](http://www.llep.org.uk)

A fuller description of LLEP's role, structure and functions can be found at Appendix 6

- 7.5 LLEP has reached a memorandum of understanding, effectively a service level agreement, with PA Consulting, which acts as an agent for UKTI, the Government's national trade and industry support agency.
- 7.6 It is one of only two LEPs across the country which currently has this status. For a short time it puts the LLEP in a stronger position than most to have potential projects referred to it for further exploration.
- 7.7 This process takes over from the filtering and allocation process previously undertaken by EMDA. It was noted that dealing directly with such enquiries, rather than going through EMDA, was considered a significant benefit.
- 7.8 These are mainly UK-originated inquiries, though there is one significant Chinese expression of interest. Many of these may be legacy inquiries, however, originating from before the creation of the LLEP.
- 7.9 The LEP continues to act as a contact brokerage, signposting clients to potentially relevant agencies. Resources within the LEP include links with the three main universities, research partners, demographic and other local economic and business data and contacts. It provides links to local networks and sector forums – an activity inherited from Prospect Leicestershire.
- 7.10 It also has inherited a significant property database in the form of a web-based search facility. This is free and local and national agents provide direct feeds (updates) to the database.
- 7.11 The investor development role undertaken by LLEP includes assessing local business confidence (which is currently low). It is mainly reactive due to resourcing issues (resources have been reduced from a peak of six in Prospect Leicestershire - which was reduced through redundancies – to two in the LLEP). Investor development is now being delivered through a national contract with UKTi.
- 7.12 Current funding of the LLEP is £168K made up of £56k from each of the following:
  - Leicester City Council
  - Leicestershire County Council
  - Leicestershire Districts
- 7.13 LLEP Website: It has an excellent home page with powerful images, however there is considerable room for development of the LLEP's web presence. It

needs to be constantly updated and could be more dynamic not just an on line brochure, and the news page.

- 7.14 It has little description of recent regeneration successes in the city or county, so does not make the most of these in terms of showing what we are capable delivering, there are no direct messages for inward investors – in fact there appears to be nothing at all about inward investment. (However, it is understood work is being done on developing the web site further).
- 7.15 There is only a small amount about the businesses already in the area, nothing about skills apart from signposting to other agencies, it could include the offer of colleges Universities etc as well as signposting them. There is nothing about the Regions of Knowledge Project that we have obtained €2.75m EU funding for, no mention of travel times to London and Paris – making most of Eurostar link at St Pancras, not much about cultural heritage as a city and county, little about business support, eg no link to City Council or the LCB Depot and a description of what is offered.
- 7.16 The best description of a scheme is the Better Business for All initiative, which explains what this is about and how it works.
- 7.17 There are no specific details of who does what in terms of handling enquires and a profile of their skills and experience that would encourage enquiries.

## **8 Regeneration Activity**

- 8.1 The regeneration role previously undertaken by Prospect Leicestershire has reverted to the local authorities. It continues to promote inward investment and some aspects of investor development (helping businesses which are already within the city).

## **9 Business support**

- 9.1 This is provided through the city Council in the form of Business start-up units e.g. The Depot. In 2010 it was agreed to convert a former factory on Rutland St to provide 8,000 sq feet of units for small businesses. Also planned is 22,000 sq feet of workspace at the Innovation and Technology Park.
- 9.2 A new round of funding by the European Regional Development Fund (ERDF) of around £6.4m is intended to help provide business support into the future.

## **10 Comparative Information**

- 10.1 Arrangements for economic development and business investment are significantly different in neighbouring authorities. These can be seen in more detail in appendix 8 (Northamptonshire; Derbyshire and Nottinghamshire) and Appendix 9 (West Midlands, Merseyside and Leeds).

- 10.2 Northamptonshire County Council has effectively transferred its economic development company to an arm's length company - Northamptonshire Enterprise Partnership.
- 10.3 This is now an LEP, and has funds in which to invest directly into business and industrial projects. First year budget of £2m
- £660k in front line delivery staff
  - £910k "targeted at commissioning and other direct economic interventions, eg special projects, pump prime funding to lever business investment etc"; and
  - £430k Northamptonshire Enterprise Business Operations and overheads, e.g. accommodation and back office."
- 10.4 Main objectives of the NEP include:
- Promoting Northamptonshire
  - Education and skills
  - Innovation and enterprise
  - Helping business
  - Jobs and growth
- 10.5 Nottinghamshire and Derbyshire Counties and Nottingham and Derby City Councils, have combined to form a single LEP (d2n2). A comparatively low level of funding has been allocated, with authorities providing support staff time, sees the LEP starting a two year economic mapping programme. (See Appendix 8 pars 2.1.6 – 2.1.11 for further details
- 10.6 Within Nottingham an arm's length regeneration company has been retained following a review earlier this year. (Appendix 8). Nottingham City Council is one of eight cities defined as "core cities" which have the most important economic growth in England outside London. It is also one of six designated "science cities."
- 10.7 Nottingham Regeneration Ltd (NRL) is an arm's length company which receives no capital grants, but office space and other resources are provided by Nottingham City Council. The City Council this year provided a £100k grant, but there are no capital allocations and future funding from the City Council, is expected to reduce in the next two years to £74k in 2013-14.
- 10.8 NRL almost uniquely among Urban Development Companies has an income stream from developments it was previously involved in. This is estimated to be £150k for this financial year.
- 10.9 There is a team of 6.5FTEs, and a further income stream of around £47k is expected from the hiring out of this team's development expertise to other local authorities or private sector companies looking to put together a regeneration or development programme.

- 10.10 It has in-house teams dealing with regeneration and inward investment. A core team of four works on a range of programmes involving improving employment skills, and has also set up a £1.5m three-year programme to step into the gap left by the ending of the Future Jobs Fund programme by the Government. It is aimed at subsidising 50% of the wages of 18-24 year olds to help improve their access to employment.
- 10.11 An employer hub is aimed at providing a further bridge between employers and the workforce. The objective is to create a sustainable model through Section 106 planning agreements which would enable local people to gain skills in industries such as construction.
- 10.12 Inward investment is supported by another team of seven and the function is shared with Notts county council. Economic development is supported by another team of six which provides sector support on a variety of projects, including digital infrastructure and backs business start-ups and social and community enterprises. ERDF bids of funds worth around £9m will be designed to support these areas of activity.
- 10.13 Birmingham has joined with eight other local authorities to set up the Greater Birmingham and Solihull Local Economic Partnership. (GBSLEP). It has £160k of start-up funding and has staff support (3.5 FTE) from Birmingham City Council, including a full-time programme manager. Other authorities and private sector partners are providing further support in the form of secretariat and media relations.
- 10.14 It has been set up as an independent company and is looking at innovative ways of raising funds, including a bond issue based on future income from the development of a city centre enterprise zone.
- 10.15 It has made a sector bid to support the automotive industry with Merseyside's LEP. Apart from this action the latter organisation has been comparatively inactive so far.

## **11 Related scrutiny work**

- 11.1 This review has concentrated on the strategic response to the issues of inward investment and regeneration. The Economic Development, Culture and Tourism Scrutiny Commission, chaired by Cllr Sue Waddington, has

started a scrutiny review looking at the role of the City Council in economic development and job creation.

- 11.2 The work of this Commission started earlier this month (October 2011) and will consider many of the projects which have been developed by the LRC and PL, and may consider evidence in relation to the current arrangements about their effectiveness in creating and preserving jobs.
- 11.3 The information and evidence from this inquiry will be passed to the Scrutiny Commission to be part of the body of evidence it considers when considering drawing up conclusions and making recommendations.

Report author: Cllr Ross Willmott: Chair of Overview Scrutiny Committee  
Member Support Officer: Jerry Connolly 0116 229 (39) 8823  
Jerry.connolly@leicester.gov.uk



## **Appendices**

### List of sources/interviewees

The Chair of the Overview Select Committee is grateful to all those who gave their time and trouble to provide information and evidence for this review.

They include:

Nick Carter, former chair of Prospect Leicestershire

Andrew Bacon: chair of Leicester and Leicestershire Local Economic Partnership

Martin Peters: Chief executive: Go Leicestershire

Andrew Smith: Director of planning and economic development: Leicester City Council

Mandip Rai: Head of LLEP Support Unit

Sue Tilley: LLEP head of inward investment

Various members of the Council

[Appendix 1: Closure of Prospect Leicestershire: Mayor's report to LCC Cabinet: 12<sup>th</sup> September 2011](#)

[Appendix 2: Establishing a new economic development company: LCC Cabinet paper 14<sup>th</sup> July 2008](#)

[Appendix 3: Establishment of sub-regional economic development arrangements and Economic Development Company: LCC Cabinet report: 9<sup>th</sup> March 2009](#)

[Appendix 4: Sub-regional economic development review: LCC Cabinet report: 7<sup>th</sup> February 2011](#)

[Appendix 5: Overview Select Committee: 1<sup>st</sup> September 2011](#)

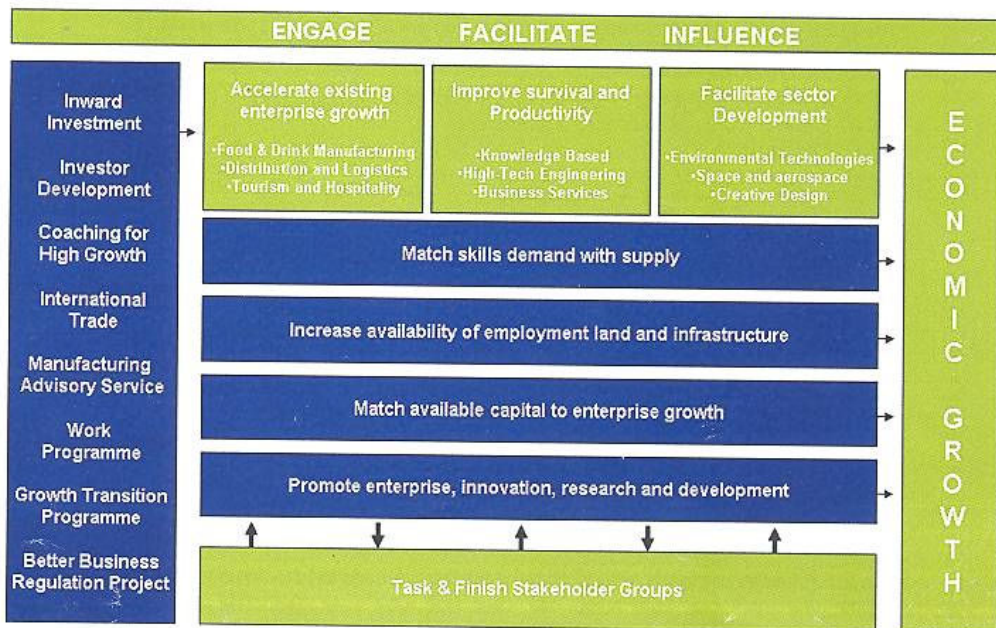
## Appendix 6: Structure and functions of LLEP



**Local Enterprise Board:**

Mr Andrew Bacon (Chairman)	Director	Centrica
Ms Donna Williams	Commercial Director	MIRA
Mr Khalid Sheikh	Chairman	Clifton Packaging Group Ltd
Mr Phillip Cox	Director	Lafarge Aggregates
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 Tel: 0116 252 7312  
[www.llep.org.uk](http://www.llep.org.uk)

### **LLEP Support Unit Role**

- LLEP board administrative and secretariat support
- Delivery and performance management against objectives and operating model
- Securing national and EU resources to deliver local initiatives, projects and programmes
- Delivery of inward investment service across Leicester & Leicestershire
- Management of national stakeholder engagement - Central Government and national contracts
- Management of local stakeholder engagement of all sectors
- Research and development of the economic evidence base

### **Staffing structure**

**Mandip Rai**

**Head of LLEP Support Unit**

<b>Andy Rose</b>	<b>Niloofar Sarkari</b>	<b>Sue Tilley</b>	<b>Pankaj Mistry</b>	<b>Brendon Brockway</b>
<b>Programme manager</b>	<b>Programme manager</b>	<b>Head of Inward investment</b>	<b>Inward investment manager</b>	<b>Economic performance officer</b>

### **Roles and Responsibilities**

#### **Head of LLEP Support Unit**

- Lead delivery of the strategic aims of the LLEP as set out in the LLEP Strategy and governed by the LLEP Board.
- Lead the strategic and operational planning, delivery and evaluation of the LLEP's activities.
- Provide executive support for the Chairman at a management level and as a member of the LLEP Executive Team and lead officer for the LLEP Board.
- Lead and manage an integrated shared service that meets and enhances the requirements of local and national stakeholders.
- Develop strong relationships with businesses, local authorities, Government, partners and other LEPs
- Advise partners and the LLEP Board on national policy and strategies, funding opportunities and performance issues.

### **Programme Managers**

- Manage the delivery of the LLEP's objectives and operating plan
- Develop growth plans for the priority sectors
- Lead engagement with key businesses and deliver an account management service
- Manage the task and finish groups and support and advise Board Champions
- Performance management of task and finish group outcomes
- Influence and negotiate national programmes to shape and design local services including II, ID, IT, CfHG, MAS Programmes
- Manage relationships with national contractors and ensure local businesses access support
- Bid for and secure national and EU resources to deliver local projects and programmes to support economic growth
- Manage local stakeholder engagement and facilitate public and private sector working

### **Head of Inward Investment and Inward Investment Manager**

- Manage the MoU between the UKTI and the LLEP as the local delivery partner
- Manage and service FDI and domestic inward investment enquiries
- Prepare strong propositions for Leicester and Leicestershire
- Develop and maintain relationships with local developers, property agents, local authorities and other stakeholders
- Maintain the property database and CRM
- Develop strong marketing collateral and promote the area for domestic and FDI inward investment
- Work with UKTI and MIRA to promote the MTP EZ

### **Economic Performance Officer**

- Provide data and intelligence service for the LLEP
- Lead the development and review of the economic assessment
- Lead the development of performance management systems
- Manage administrative systems for the LLEP Board and Support Unit and Task and Finish Groups
- Provide a secretarial service for partnership meetings including organising venues, taking minutes and distributing papers.
- Maintain effective CRM account management system and a customer focussed approach
- Maintain web-based systems for communicating information about the LLEP's activities

## Appendix 7

### Arm's-length Economic Development Company: May 2011

#### Briefing for Mayor of Leicester

1 The election of Leicester's first mayor creates a significant opportunity to drive forward the development of the city, its economy and thus the prosperity and wellbeing of its citizens. 2 However a combination of difficult and uncertain economic circumstances, reductions in public sector funding and lack of assisted-area status presents a real challenge to this ambition. The new mayor will need all the expertise, flexibility and experience he can assemble if these challenges are to be met and overcome.

#### 3 Proposition

Retaining a sub regional economic development company would benefit the development of Leicester under its new mayor in the following areas:

- Regeneration = Expertise of independent, market-facing team has ability to unlock regeneration opportunities beyond city council in-house operation.
- Economy = Sustained and coordinated collaboration between universities and private/public sectors to boost graduate retention, business start-ups and knowledge sharing – eg Regions of Knowledge/Graduate Home/Strategic Collaboration Board.
- Inward Investment and local business growth = A versatile service with considerable local experience can provide a rapid response for fast-moving inward investment enquiries and existing companies needing to expand/consolidate. The team would also collaborate with LPL to assist with the promotion of the city's commercial offer.
- Value for money – shared funding with county council reduces funding burden on both councils while retaining benefits.

Sub regional benefits:

- Works to move forward LLEP economic strategy
- Better coordination of city/county inward investment opportunities.
- Ability to help district authorities develop priority strategic projects.
- Retains and illustrates the city/county collaboration for mutual benefit.

#### Assumptions:

Accommodation – Co-locate with Leicestershire Promotions (including City Centre Directorate)

Cost - Based on a rent-free move to Every Street, a voluntary chair and the chief executive accepting a pay reduction, the top-line budget for core running costs would be **£350,000pa**.

## **Summary of Key Roles of Company**

### **1. Regeneration and Development**

The expertise of the executive and key board members would be used to tackle existing regeneration/development priorities in the city centre and priority sites elsewhere in the city. The company would soft market test, broker with the development sector to facilitate solutions and where necessary secure public and private investment. Where project delivery is required the company could bring in “associate” support and/or seek secondments from the city council subject to additional resources being available from the project source.

#### Projects and Initiatives

- Exploring new funding models for TIF's, RGF's, European, Enterprise Zones and appropriate new Government Initiatives.
- Lead on the Implementation of the Station Business Quarter. Advising on delivery solutions for Ashton Green and other strategic employment and housing sites in the city.
- Promoting the regeneration of the St Georges Cultural Quarter
- Reviewing delivery strategy (location) for Leicester Science Park
- Development strategies for Waterside Housing sites i.e. Frog Island and Abbey Meadows.
- Manage partnership relationships with key development interests in the city, particularly Hammersons.
- Advising the Mayor on the development of key council-owned sites e.g. Granby Halls, working with Tigers, Leicester Castle and development sites from the investment portfolio.
- Support the delivery of strategic housing/employment sites in the county – e.g. Melton North, Coalville, Donington (Airport and Racetrack)
- Ongoing support for addressing the economic shock following the closure of Astra Zeneca
- Development of workspace projects (where funding can be secured) e.g. Harborough Innovation Centre (now nearing completion)

### **2. Inward Investment and supporting indigenous Business Growth**

Although one of the most significant barriers for economic growth in the city is the shortage of good quality employment land, the inward investment team provides a very successful service for supporting inward investors and indigenous businesses with their property requirements. The retention of this service is particularly important with changes in national policy withdrawing support for providing local bespoke services.

## Projects and Initiatives

- Operating the property search engine to assist business enquiries.
- Developing and running campaigns for inward investment (working with LPL) e.g. public sector relocation and automotive sector.
- Providing a fast response and bespoke service for all inward investment and indigenous business requirements.
- Collaborate with LPL to assist with the promotion of the city's place marketing offer and ensure it remains relevant to the market.

### **3. Promoting Business Enterprise through University Collaborations**

Leicester and the sub region have three excellent universities which are strong drivers of business enterprise. Prospect has developed successful collaborative projects e.g. Regions of Knowledge, Three Universities for Business and Graduate Home and greatly enhanced the level of joint working between the universities, local authorities and local business.

#### Projects and Initiatives

- Co-ordinate and project manage the European Regions of Knowledge project to enhance commercial activity in sectors benefiting from space-related research.
- Continue to identify and develop other collaboration projects between the universities and local business
- Maintain the Strategic Co-ordination Group as the focus for the universities' engagement with each other, city council, county council and LLEP.

## **Governance**

Retain existing Prospect board, current chair moves to voluntary role. There is potential for seeking additional board membership to strengthen links with new and emerging priority initiatives and projects.

## **Accommodation**

Locate team and hosted City Centre Directorate into the offices of LPL to make funding savings and enhance collaboration and promote the presence of the partnership.

## **Budget and Funding split**

The city and county have put on hold the merger of LPL and PI into a single body - which they had previously agreed to fund with a grant of £930,000pa. The funding level approved by the city and county councils for the Prospect element of the running costs is currently £350,000, comprised of:  
Leicester City Council - £175,000  
Leicestershire County Council - £175,000



These funding levels will be sufficient to cover the company's running costs to deliver the role described if the staff were co-located within LPL's offices. It is proposed that any new additional projects (e.g. Regions of Knowledge) will be funded from potential commissioning partner e.g. LLEP, Universities and District Councils as appropriate.

Based on a rent-free move to Every Street, a voluntary chair and the chief executive accepting a pay reduction comparable with similar organisations, the top-line budget for core running costs could be accommodated in the **£350,000pa** approved budget. There is currently no funding allocated for project development and related promotional activities. The city and county councils would therefore need to reach an agreement about how much of the allocated joint budget should be used for this activity across the work of LPL and PL.

**Nick Carter, chairman**

**David Hughes, chief executive**

**May 10, 2011**

## Appendix 8:

### **Information on economic development arrangements in Northamptonshire, Derbyshire and Nottinghamshire**

#### **1.1 Northamptonshire**

- 1.1.1 In Northamptonshire a Local Enterprise Partnership has now been established
- 1.1.2 The Northamptonshire Enterprise Partnership has been set up following a decision by the [Northamptonshire County Council Cabinet in December 2010](#)
- 1.1.3 It agreed to set up a £2m economic investment fund, with year one targets of
- £660k in front line delivery staff
  - £910k “targeted at commissioning and other direct economic interventions, eg special projects, pump prime funding to lever business investment etc”; and
  - £430k Northamptonshire Enterprise Business Operations and overheads, e.g. accommodation and back office.”
  -
- 1.1.4 Staff costs include an economic development unit, whose role and function is embedded within the EP rather than the County Council, which transferred the function out of the authority 5-6 years ago.
- 1.1.5 The balance is available to support local initiatives across a range of policy heads, including
- Promoting Northamptonshire
  - Education and skills
  - Innovation and enterprise
  - Helping business
  - Jobs and growth
- 1.1.6 In its first operating year, the Northamptonshire Enterprise Partnership aims to have supported the creation of 800 new jobs, attracting in 15 new companies and in the process attracting at least £4m of leverage.
- 1.1.7 Current activities included promoting a jobs fair (with Connexions 29<sup>th</sup> September). A series of forums is being organised for particular business interests, including tourism, the construction industry and wider business issues such as:

- Access to finance
  - International trade
  - Business start-up, and
  - Low-carbon business start-up.
- 1.1.8 There is a top-up facility for businesses seeking finance. It says that Through a 'top up' element from the County Council, businesses could benefit from lower levels of interest repayments to the bank and the County Council acting as a guarantor and carrying most of the risk should the business default.
- 1.1.9 Access to further information about the Northamptonshire Enterprise Partnership can be obtained through the link <http://www.northamptonshireep.co.uk/>

## **2.1 Local Enterprise Partnership arrangements in Derbyshire and Nottinghamshire**

- 2.1.1 Within Derbyshire and Nottinghamshire a joint LEP has been set up. It's called The Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (d2n2 for short).
- 2.1.2 Information on this LEP can be found through the link: <http://www.d2n2lep.org>
- 2.1.3 Its early priorities are to:
- Build on the area's reputation for internationally competitive science, manufacturing, engineering and creative industries, driving better productivity and growth as we develop a low carbon economy.
  - Develop our distinctive cultural, sport and tourism offer to world class standards.
  - Share the benefits of our economic growth across our cities, towns and rural communities.
  - Meet employers' current and future skills demands through our highly rated and ambitious education partners.
  - Secure investment in regeneration and infrastructure projects that stimulate private sector growth.
- 2.1.4 At present there is no dedicated staff resource to support the LEP. Support is currently provided on an in kind basis by the four lead authorities to provide administrative support for Board meetings and strategic theme groups.

- 2.1.5 There have been two pieces of funding made available to the d2n2LEP.
- 2.1.6 One is £60k for start-up costs, which is planned to be used to provide dedicated support and a strategy development capacity for the LEP over the next 18 months.
- 2.1.7 Around £50k has been made available from a capacity fund will be used on a research programme which:
- Support LEP Board members to familiarise themselves with the latest economic and labour market intelligence to facilitate a process of evidence-based action planning;
  - Identify any gaps in existing intelligence, especially from a business-perspective and to begin to fill them, where appropriate and based upon available resources;
  - Undertake an economic appraisal of proposed priority actions in order to ensure maximum contribution to growth, private sector job creation and economic 'rebalancing'; and
  - Reality-check key issues emerging from the evidence with the business community, ensuring on-going employer engagement and buy-in with the rationale for shared action.
- 2.1.8 The work is being led by Nottingham Trent University and will utilise independent academic expertise from a consortium of local universities.
- 2.1.9 This will be reported to the Board which includes private sector representatives, [providing both a geographical and cross sector representation](#), the four major local authorities (two counties, two unitaries) and the three universities.
- 2.1.10 While an Enterprise Zone has been [assigned for the area and is in the early stages of development](#), this will only be a long-term source of funds, with at [least a 2-3 year horizon before any begin to be](#) generated for the LEP.
- 2.1.11 In the meantime, the LEP will be operating with a light-touch, pragmatic and high-level approach to its role and function within Nottinghamshire and Derbyshire.

## Appendix 9: LEP arrangements in the West Midlands and Merseyside

### Further examples of LLEP actions: Birmingham, Merseyside and Leeds

#### 1 Greater Birmingham and Solihull Local Economic Partnership. (GBSLEP)

##### Introduction

GBSLEP is one of the largest LEPs in the country, spanning a population of nearly 2 million and 70,000 businesses. It brings together business, local government and other stakeholders to drive economic growth and job creation.

It covers nine local authorities: Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Redditch, Solihull, Tamworth and Wyre Forest.

The LEP has been set up with £160k of start-up funding. It is staffed by 3.5 FTE from Birmingham City Council, including a full-time programme manager. Other authorities and private sector partners are providing further support in the form of secretariat and media relations.

Unusually, but not uniquely, the LEP has been constituted as a stand-alone company limited by guarantee. With the Enterprise Zone unlikely to be put into place until 2013 at the earliest, it is not clear when an income stream will develop for the LEP of the size of that income.

The LEP board is looking at ways of raising a bond, based on the future EZ income, which could be used to bring forward funding to support local business development. No decisions have been taken in respect of this proposal.

The newly constituted LEP board has set out a strategic framework based on:

##### **Business**

- Inward investment
- business support: and
- finance for particular projects

### **Place**

- Culture
- Transport infrastructure
- Development of the city centre Enterprise Zone

### **People**

- Employment and skills training and development.

This strategic approach is based on two principles:

1. creating a culture and climate where innovation and enterprise can thrive and prosper; and
2. investing in the infrastructure that supports private development and business growth.

Priorities for the Greater Birmingham and Solihull LEP include:

- supporting Regional Growth Fund bids, including those conditionally secured to improve the A45 corridor and Jaguar Land Rover's advanced engineering and manufacturing capability preparing recommendations for the location of a new Enterprise Zone and Enterprise Belt
- supporting the delivery of the Birmingham Airport runway extension and considering other transport improvements
- delivering improved access to finance, such as through Finance Birmingham
- making the planning and regulatory environment more business friendly across the area
- co-ordinating a programme of business support, helping manage the transition from a regional to a national Business Link service.

Priorities

Initial work under the Development Board focused on:

1. Supporting businesses and underpinning high growth sectors
2. Encouraging innovation, R&D investment and boost productivity
3. Addressing skills issues, identifying gaps and creating a demand-led skills programme
4. Enhancing global connectivity with world class transport links and superfast broadband
5. Investing in infrastructure and events.

The programme highlights set out above represent an initial view of how priorities will be implemented. These are now being reviewed by the full Board which will set out detailed programmes for Greater Birmingham and Solihull LEP.

Actions and news reports

### **West Midlands/Merseyside joint bid for RGF**

THREE Local Enterprise Partnerships from the West Midlands have teamed up with the Liverpool and City Region group in a bid to secure cash from the Regional Growth Fund.

The Greater Birmingham and Solihull, Coventry and Warwickshire and Black Country LEPs are hoping the combined RGF bid will boost cross-border economic growth and generate employment opportunities.

### **Merseyside perspective**

LIVERPOOL LEP is part of a four-way cross-border funding bid to support the manufacturing and automotive sectors across the region.

The Local Enterprise Partnership has joined with three Midlands counterparts – Greater Birmingham and Solihull, Coventry and Warwickshire, and the Black Country – to secure regional growth fund (RGF) finance.

If successful, the LEPs, which were formed to replace former regional development agencies, will invite grant bids from small, and even larger, businesses in the engineering and automotive sectors to support growth and employment opportunities.

Common ground between the two sets of LEPS is that the bid for funding is sector-led, specifically to support the automotive sector and related industries. The Government has yet to make a decision on RGF applications.

Plans for Birmingham city centre enterprise zone approved

**28/07/2011**

Business leaders are predicting an economic boost for the West Midlands as proposals for an enterprise zone in Birmingham city centre were finally rubber-stamped.

Chancellor George Osborne, visiting the city on Thursday, gave the green light to plans drawn up by the Greater Birmingham and Solihull Local Enterprise Partnership (LEP) designed to attract companies into the region.

## **Appendix 10 – possible co-operation between LEPs.**

### **Further evidence of collaboration between LEPs**

*By Ed Cox: Director of IPPR North.*

Last week (September 2011) Leeds City Region Local Enterprise Partnership set out its strategy for economic growth under the banner: realising our potential. The event was attended not only by those from the city region but also interested parties from further afield.

At one level the presence of Sheffield and Manchester at the event might simply have been a case of 'nosy neighbours', but as LEP boards and secretariats begin to find their feet, the potential for LEP collaboration in the North of England has significant potential.

There are some very obvious areas of joint interest and concern, not least securing investment in strategic transport infrastructure. Whether it is guaranteeing that HS2 does include its second phase connections to Leeds and Manchester or ensuring that Northern Hub proposals connecting Liverpool across to Leeds come to fruition ahead of any 'Crossrail 2', LEPs have a shared interest in working together.

But beyond shared assets, there are also areas where LEPs would do well to recognise each other's strategic assets and explore opportunities for complementary development rather than direct competition.



For example, the University of Sheffield and Boeing's Advanced Manufacturing Research Centre (AMRC) has global significance and brings clear benefits well beyond its city region from which other Northern LEPs can benefit.

Many significant industries such as the automotive or offshore wind sectors in the North East depend upon supply chains which could extend across the UK. Recognising one another's comparative advantages must be a key feature of LEP development if they are to move beyond the rather anodyne proposals they initially submitted to government and pass the so-called 'tippex test'.

European funding provides a further reason for LEP collaboration. EU administrative geographies still recognise the good old English region as their primary unit for disbursing their investment.

With more than £100m to be committed before 2013 in the North West alone LEPs need to co-ordinate their demands to ensure these vital funds are used most effectively.

The bigger prize though is the post-2013 European Structural Fund settlement. With big decisions due to be taken both nationally and in Brussels in the next 12 months, the Northern regions will benefit from a collective approach to negotiations.

Indeed, it is that 'Northern voice' that is perhaps the most urgent and compelling reason for LEP collaboration. Whilst Tees Valley should be congratulated for striking the first bilateral agreement between a LEP and UKTI, one wonders how much it will count for once all the other LEPs have followed suit.

LEPs were always vulnerable to central government divide-and-rule and inward investment is one obvious area where few LEPs will have the muscle either to go it alone or to rely on London to lobby for them.

The Work Programme, skills strategy and business support are three other areas where a co-ordinated LEP lobby to government could bring local benefits - not least outside core cities.

But who will articulate such 'Northern voice'? In July, IPPR North launched the Northern Economic Futures Commission as a small and short-term opportunity for a pan-Northern conversation on economic development.

Its Call for Evidence remained open until 14th October after which it will take 12 months to highlight a series of areas where LEP co-ordination might enable policy and investment add up to more than the sum of its parts. Contributions for or against are most welcome.

## Appendix 11: Nottingham retains arms' length company

### **NRL set to continue**

Nottingham Regeneration Limited (NRL) is to survive public spending cuts, it has been revealed - although there will be changes in personnel.

It had been rumoured that NRL would be shelved after dramatic cuts to public spending in the city.

A statement from Nottingham City Council read: "Nottingham City Council has recognised the particular value in retaining such an arms length/independent company with its commercial ethos at a time of recession."

"Despite reduced funding a small specialist regeneration team of experts many with private sector experience has been retained and a new public/private sector board has been constituted."

Mich Stevenson is to continue as Chairman assisted by Councillor Graham Chapman - Deputy Leader of Nottingham City Council and four other individuals including David Williams of Geldards Solicitors, Peter Hipperson formerly of Deloitte, professor Roy Morledge of Nottingham Trent University and Diana Gilhespy who was Executive Director of Regeneration at Emda.

NRL said key priorities for the months ahead include "maximising the regeneration benefits of the city council's extensive property portfolio" and helping ensure the regeneration of Nottingham Train Station and Broadmarsh Shopping Centre and the extension of Victoria Centre scheme take place.

The team said it will also help to accelerate development opportunities in Southside, Eastside and Waterside regeneration areas.

Stevenson said: "NRL has played a pivotal role in the regeneration of Nottingham over the past decade and it is excellent news that the City Council assisted by the private sector wishes to continue with their commitment to the work of the company."

Chapman added: "The physical regeneration of Nottingham is vital if we are to help create new and sustain existing jobs. NRL should continue to play a major role alongside Nottingham City Council and the Invest in Nottingham Team we are making the most of the city's enormous economic potential."

NRL was originally set up in 1998 emerging out of the Lace Market Heritage Trust as a public/private partnership charged with tackling physical regeneration within the city. Past projects include the likes of Nottingham Science Park, Southglade Food Park and the transformation of the Sneinton Market area.

## **ABOUT NRL**

### **Who We Are**

Nottingham Regeneration Limited was set up in 1998 as a pioneering public/private sector partnership to promote physical and economic regeneration in Nottingham. Since that time, our remit has expanded to facilitate and deliver regeneration and

economic growth throughout the whole of the County. NRL is an independent not for profit company managed by a Board of Directors.

### **The Role of NRL**

An NRL team of experts in planning, surveying, project management, design and finance provides a service for local authorities seeking to promote economic growth supported by sustainable regeneration projects. With an emphasis on the delivery of transformational change, NRL has a successful track record working alongside a range of public and private sector partners to realise tangible benefits for the citizens of Nottinghamshire. We are based at Loxley House and work closely with Nottingham City Council, although our funding arrangements allow the Company to work with other local authorities across the County.

### **Our Service**

- Planning advice
- Business planning
- Development appraisal and feasibility
- Funding and delivery strategies
- Market demand studies
- CPO
- Strategic asset management
- Landlord & tenant issues
- Town centre development
- Project facilitation & development
- Project management (including Prince2)
- Procurement OJEU/OGC
- Consultant appointment & management
- Funding bids and bid management
- Urban design
- Sustainability

## **Appendix 12: LLEP call for projects**

- 12.1 The Government's Business, Innovation and Skills (BIS) asked the LLEP, at three days' notice, to provide a list of potentially ready to go infrastructure and other projects. Officials worked with partners, including the County Council and district council, to produce a list of 25 projects.
- 12.2 Officers may have considered this was an economic fishing exercise by BIS to see what potential activity existed in the broader economic landscape rather than seeking to assess what projects it might be willing to back in the near future.

12.3 The projects came under three broad headings:

- Potential capital projects
- Priority infrastructure schemes; and
- Transport

12.4 They do not represent a prioritised list, or even a complete list, of the available projects, but represented a snapshot of information available to the LEP in the timescale demanded by BIS.

Table 1: Potential Capital projects

Project description	Location	Estimated cost	Private sector investment
Pump-priming for rural and market town businesses to diversify and grow	Various	£3m	£1.8m
New bins to improve local recycling rates	Hinckley and Bosworth Borough Council	n/a	n/a
Innovation workspace	Leicester innovation and technology park	£4.84m	
Manufacturing process improvement	Loughborough University	£1.5m	£0.25m
Materials analysis improvement	Loughborough University	£2.3m	£50k
Mobile laboratory	Loughborough University	£1.37m	£0.175m
Without Boundaries and Eco Village	Twycross	£5m	£1.5m

Table 2: Priority infrastructure projects

Project description	Location	Estimated cost	Private sector investment
Broadband networking project	Vale of Belvoir	£250k	
Street lighting energy reduction	Leicester city	£26.3m	
European centre for research and training in wildlife conservation	Twycross	£8m	£4m
Expansion of Great Central Railway	Loughborough	£2.5m	£0.5m
Wireless energy infrastructure	Loughborough university	£2.24m	£0.8m
Electrical substation (to unlock development of Science and Enterprise Park (SEP)  Plus first ten years of SEP development	Loughborough university	£8m          £67m (including substation project)	
Completion of electronics project	Leicester University (space research centre)	£0.3m-£0.5m	
Carbon reduction project	County Hall	£0.4m	£0.2m

Table 3 Transport projects

Project description	Location	Estimated cost	Private sector investment
A444 improvements	Twycross	£350k	£100k
Inner relief road and gateway improvements	Charnwood		
Transport improvements	Humberstone Gateway East, Leicester	£3.5m	To be confirmed
Improvement to Narborough Rd/Fosse Park (ASDA) roundabout	Fosse Park	£1.7m	£0.4m
Public realm improvements	Leicester city centre		
Completion of retail circuit		£3.9m	
Pedestrianisation between Curve and Highcross		£0.3m	
Reconstruction of Belgrave Gate		£2.2m	
Demolition of Belgrave flyover		£4m	
Introduction of smart and integrated bus ticketing	Leicester	£3.2m	
Transport innovation centre	Leicester University	£7.15m	£1.62m

## Appendix 13

Abstract from Labour Leicester City Council 2010 election Manifesto

### **Leicester - a place to do business**

The economic health of our City is always important but it is doubly so at a time of economic hardship and public sector job cuts.

A Labour Mayor and Council will be committed to working in partnerships - promoting our City - supporting our economy - attracting new investment and jobs - developing new skills.

It is vital that as we develop and build these strong partnerships with business in the City we also draw in the expertise and resources of our excellent universities and colleges.

As well as supporting and encouraging existing enterprise, Labour recognises that Leicester needs to be much better at attracting private sector inward investment and public sector relocations.

- Take a leading role in creating and supporting both strategic and City-focussed delivery partnerships for economic development and regeneration. Learning from the success of the 'City Challenge' model, we will make resources available to develop public/private sector organisations that ensure full community engagement
- Take forward the successes of Labour's regeneration initiatives - leading opportunities such as the Cultural Quarter; the railway station and a Science Park. We will not neglect the needs of traditional manufacturing industries but will also support Leicester's strengths in the creative industries and new opportunities in 'green', lowcarbon, industries and 'high-tech' manufacturing
- Help give a new impetus to the Leicester Promotions Partnership - focussing on marketing the City for inward Investment, tourism and visitors. We recognise that pride in the City itself is vital to the success of this work. We will also work with partners to encourage and improve developments and attractions that bring visitors to the City and County

## Appendix 14 **Liverpool Vision URC**

[http://www.liverpoolvision.co.uk/Docs/DownloadDocs/LIVERPOOL%20VISION%20BUSINESS%20PLAN%202009\(4\).pdf](http://www.liverpoolvision.co.uk/Docs/DownloadDocs/LIVERPOOL%20VISION%20BUSINESS%20PLAN%202009(4).pdf)

### Organisation and Staffing Structure

The main elements of the proposed structure are:

Three Departments each headed by a Director:

- Investment and Enterprise,
- Development and Infrastructure; and Corporate Services.
- Within the Development and Infrastructure Department, an area based focus

reflecting the priority Investment Areas identified in Section 6, with support from a specialist Project Management team as required. Each of the Area Development Teams will work closely with colleagues in Investment and Enterprise, particularly with the relevant Area Managers. In particular, the North Liverpool team will work through a number of cross-departmental task groups as the Northshore masterplan and work programme is established.

- The Investment and Enterprise Department has been strengthened by the
- creation of an additional post of Head, Investment and Skills along with
- resources to support key Sectors and the Skills Agenda.
- The Corporate Planning and Policy activity has been strengthened by the
- transfer of a post previously located in the Investment and Enterprise
- Department.
- The Marketing, Finance and Programme Management resources of the three



- previous organisations have been merged and rationalised and the heads of each section appointed following an internal „ringfenced“ competition.

7.9 The proposed staffing structure is reflected in the running cost budget outlined below.

### **Running Costs**

7.10 The running costs of the company are met from financial contributions made by the

three member organisations; Liverpool City Council, the Northwest Development Agency and English Partnerships/the Housing and Communities Agency. In

2008/09 these contributions will be:

- Liverpool City Council £4,095m
- English Partnerships/HCA £0.469m
- Northwest Development Agency £0.494m

Total £4.458m

7.11 Additionally, the company is able to bid into the Working Neighbourhood Fund (WNF), which is administered through Liverpool First (the Local Strategic Partnership). Posts which it is assumed are funded through the WNF are shown shaded red in the staffing charts at annex 7.1.

7.12 The running cost budget for 2009/10 and the indicative budgets for 2010/11 and 2011/12 are summarised below:

Income £000s	2008/09 (11 months)	2009/10	2010/11	2011/12
Liverpool City Council	3,714	4,095	4,095	4,095
Northwest Development				
Agency	600	494	494	494
English Partnerships/HCA	494	469	446	446
Working Neighbourhood				
Fund	160	188	192	197
Other	90	20	20	20
Total	5,058	5,266	5,247	5,252
Expenditure £000s				
Staffing	2,676	3,383	3,463	3,544
Overheads	539	551	593	606
Marketing	455	350	375	350
Public Relations	6	30	30	30
Consultancy	135	200	150	100
Memberships	75	70	70	70
Capital	10	10	50	20
Total	3,896	4,594	4,731	4,720