

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 19 NOVEMBER 2013

Title of report	CITY DEAL UPDATE
Key Decision	a) Financial Yes b) Community Yes
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Purpose of report	To provide an update on the Leicester and Leicestershire City Deal.
Reason for Decision	To note the timescales involved with the City Deal process and the arrangements overseeing this
Council Priorities	Business and Jobs Homes and Communities
Implications:	
Financial/Staff	There are no direct implications as a result of supporting the Expression of Interest. There may be implications if the City Deal is eventually agreed by Government.
Link to relevant CAT	Business CAT
Risk Management	If the City Deal process is unsuccessful there is a significant risk that the Leicester and Leicestershire area will not benefit from significant capital investment to stimulate growth.
Equalities Impact Assessment	None
Human Rights	None

Transformational Government	Partnership working with Leicester and Leicestershire Enterprise Partnership (LEEP), Leicestershire District Council's the County and City Councils, developers, landowners, government departments, public sector estate bodies including the Homes and Communities Agency and the Leicester and Leicestershire Business Council
Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	The report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	None
Background papers	Report to Cabinet 5 March 2013 http://minutes-1.nwleics.gov.uk/aksnwleicester/images/att5611.pdf
Recommendations	THAT CABINET: (I) NOTES AND ENDORSES THE SUBMISSION OF THE FINAL NEGOTIATION DOCUMENT FOR THE CITY DEAL TO CENTRAL GOVERNMENT; AND (II) NOTES THE ESTABLISHMENT OF THE LEICESTER AND LEICESTERSHIRE ECONOMIC GROWTH BOARD TO FACILITATE THE NEGOTIATION OF THE CITY DEAL.

1.0 BACKGROUND

1.1 In March 2013, Cabinet endorsed and supported the submission of an Expression of Interest to Government from the Leicester and Leicestershire area towards a City Deal agreement. The City Deal process is still being negotiated and the final content cannot be confirmed until an agreement has been reached with Ministers. This report therefore outlines the current City Deal proposal, which may still be subject to some change and sets out the informal governance arrangements to facilitate the negotiation of the City Deal.

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

Growth Plans

1.3 In response to the Heseltine Review, all LEPs will need to prepare a multi-year Strategic Plan with their local partners. The strategic plans will enable LEPs to seek a share of the

new Single Local Growth Fund (SLGF) as well as increased freedoms and flexibilities from Government.

- 1.4 The 39 LEPs will be bidding in a competitive process for £1.1bn in 2015/16; just over half of the £2bn SLGF pot. Whilst there is no set format for the plan, key elements pertain to demonstrating a commitment to growth, strong partnerships and clear accountability and transparency.

EU Structural and Investment Fund (EU SIF) Strategy

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

City Deal

- 1.6 The City Deal has a narrower focus than the Growth Plan and is a 'step' towards a Growth Deal which the LLEP will agree with Government for implementation from 2015/16. It is very important that a City Deal is successfully negotiated as this will:
 - Place Leicester and Leicestershire in a strong position to negotiate a Growth Deal and access the SLGF
 - Access £10m from the Regional Growth Fund Round 4 (RGF4)
 - Access £2m - £3m to develop a business support growth hub
 - Provide opportunities for future match funding, leverage and policy flexibilities

2.0 THE LEICESTER AND LEICESTERSHIRE CITY DEAL

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

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

Job Creation

- 2.2 Job creation will be delivered by:

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

- 2.3 Through City Deal it is proposed to establish a 'Business Growth Hub' which will provide a service to support our local businesses and help them grow. It will provide a central first point of contact and eliminate current confusion about what is available to help local businesses and those wanting to start a business. Businesses will be signposted to both national and local business support services.
- 2.4 In the first stage of its development the hub will consist of a business-friendly website which houses a database and has links to other sources. This will co-ordinate and collate the current plethora of business support activities, funding programmes and events that are of relevance to businesses located in Leicester and Leicestershire. There will be a customer-focused telephone and email enquiry service that will help businesses to find what they need. The hub will have highly trained staff to respond to queries from businesses and to maintain the database.
- 2.5 In the second stage, the hub will build upon the signposting role and start to promote and deliver targeted programmes and services. These are still under discussion with the Cabinet Office and the LLEP Executive, but could include:
- **Growth Readiness programme** to develop a pipeline of growing businesses to feed into national programmes such as the *Growth Accelerator*
 - Establishment of a Leicester and Leicestershire **Business Mentoring Programme**
 - **High growth start up support** – e.g. linked to innovation centres and sites such as Pioneer Park
 - **Leadership and management development** programmes to build the capacity of local businesses
 - **Export support** programmes – to fast track access to foreign markets, building on local contacts and networks. This would complement and add value to existing UK Trade and Investment (UKTI) activities
 - **Key account management service to 40 medium to large sized employers** – this service will be targeted at UK-owned businesses that are key to the local economy. The account managers will develop a relationship with these businesses to help them grow and address any barriers they face, with a view to retaining their investment in our area

Supporting People into Employment

- 2.6 The City Deal proposals would help young people and those furthest from the labour market into employment by four key strands of activity:
- Increasing the number of good quality local apprenticeship opportunities for young people in the local labour market
 - Improving the work readiness of young people and those furthest from the labour market so that they can benefit from the new job opportunities being created
 - Addressing youth unemployment and NEET
 - Site specific skills plans to ensure that we are meeting the skills needs associated with new developments.
- 2.7 These interventions are described in more detail in the next section.

A. Increasing Apprenticeships

2.8 The City Deal will expand upon existing plans for an apprenticeship hub which will:

- **Stimulate employer demand for apprenticeships**, especially in sectors with greatest current or potential skill mismatches. This will be achieved through a team of apprenticeship development officers who will engage directly with employers to:
 - Make the business case for apprenticeships through the benefits reported by other employers
 - Organise events to promote apprenticeships to Small to Medium Sized Enterprises (SMEs) and follow up with face to face support
 - Support large employers to take on more apprenticeships
 - Assist businesses in the identification of the most appropriate training provision
 - Assist, where appropriate, in the recruitment process – e.g. by providing access to ‘apprenticeship-ready’ candidates
 - Provide access to financial incentives (for eligible employers, e.g. those that have never taken on an apprentice before). This will include supplementing the National Apprenticeship Service (NAS) Grants to provide a stronger incentive to employers.
 - After care monitoring to ensure quality
- **Raise the profile of apprenticeships amongst young people and help them to apply for apprenticeship vacancies**
- The apprenticeship hub will support all sectors of the economy, but the focus will be on LLEP priority sectors and those that are experiencing recruitment difficulties and skills problems. These sectors are:
 - Engineering
 - Manufacturing (especially food and drink)
 - Logistics
 - Construction
 - Care
 - Creative industries

B. Work Readiness

2.9 The City Deal proposal highlights a number of interventions to improve the ‘**work readiness**’ of young people and those furthest from entering the labour market. These include both work inspiration programmes and work placement opportunities, such as:

- **Improving the knowledge and understanding of the labour market.** For example strengthening existing arrangements and further develop the links between local employers and local schools, by commissioning a service to provide:
 - Mock interviews with employers and employer site visits
 - Careers advice led by employers
 - Development of programmes and locally agreed qualifications for employability skills
 - Mentoring
 - Challenges, competitions and project work

- CPD and industrial placements for teachers
- Talks in schools and colleges
- Provide **more opportunities for work experience and work placements**. Activities to include:
 - Increasing the existing Leicester City Council Step Up programme. This currently supports **190** young people to gain paid work placements in the private sector. Through City Deal, this activity would increase to **400** paid work placements
 - Establishment of **500** Traineeships across the LLEP area over the next three years – which will help people into employment or into apprenticeships

C. Supporting NEETs and Unemployed

2.10 The draft City Deal proposal set out plans to support NEETs and young people out of work by:

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

- 2.11 Local partners are also exploring a range of interventions to support those with complex needs back into the labour market. This work is still under discussion with Jobcentre Plus, Leicestershire County Council, Leicester City Council, Skills Funding Agency and Voluntary Action Leicestershire.

D. Site Specific Skills Plans

- 2.12 A key feature of the City Deal proposal is to develop and implement **site specific skills plans** that are linked to key infrastructure/employment sites. The skills plans will address:
- Promotion of local job opportunities to young people and their parents, those furthest from the labour market and local communities
 - Arrangements to ensure employer needs are met in terms of recruitment and skills

3.0 CITY DEAL OFFERS AND ASKS

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

Offer Summary

- Strong track record of partnership working and project delivery
- Significant business and partner commitment
- Developing a Pledge to young people to ensure that **all** unemployed **16-24 year olds** have access to appropriate education, training, apprenticeships or employment opportunities with tailored support.
- Scaling up existing projects which are already working e.g. Step up programme, FE College provision, 3 Apprenticeship Training Agencies, education/business links
- Business-led design of our Growth Hub (see section 3.3) which will provide a service to help our local businesses grow through a signposting service and targeted growth programmes
- Young person-led design of Talent Match programme to help young people that have been unemployed over 12 months back into work or training
- Practical approach to match labour market demand and labour supply through site specific skills plans
- Local match funding from private and public sector
- Use of local Procurement to stimulate local training, apprenticeships and employment opportunities supply through site specific skills plans

Asks Summary

- Flexibility to use the £10m from the Regional Growth Fund Round 4 (RGF4)¹ funding to benefit a wider range of businesses with access to grant programmes and to implement the Business Support Growth Hub arrangements

- Access to up to £2m of RGF4 allocated to Wave 2 City Deals for the establishment of Growth Hubs (via University of Lancaster)
- Access up to £5.56m potential underspends from the national Youth Contract and the national Work Programme to invest in **local programmes** that have delivered results
- Better information sharing e.g. from DWP to access and track young unemployed and those furthest from the labour market – so that we can provide better service delivery and evaluate which interventions have worked

4.0 OUTCOMES

4.1 Therefore the anticipated outputs and outcomes arising from the City Deal can be summarised as:

- **1,000 new apprenticeship starts in 3 years**
- **500 traineeships delivered in 3 years**
- **400 paid work experience placements through Step-up programme**
- **All year 10 young people have 2 week work experience opportunity**
- **All young people studying vocational qualifications post 16 to have significant work experience**
- **All young people studying AS and A levels have work experience opportunity**
- **Improved linkages between employers and schools/colleges**
- **50% reduction in NEETs over five years**
- **50% reduction in youth unemployment over five years**
- **5 Skills plans developed to support and meet needs of key employment sites**
- **Gross Value Added increase by 10%**

5.0 TIMETABLE

5.1 The final submission of the City Deal negotiation document took place on 21st October 2013. Following submission a Local Growth Working Group will attend an interview with Ministers who will eventually decide if the bid is to be successful. At the time of writing this report that interview was scheduled to take place on 6th November.

6. GOVERNANCE

6.1 A requirement of central government for the City Deal (and the future delivery of the single local growth fund) is to demonstrate that the local area has an appropriate governance structure that delivers binding decision making. The government, via the Cabinet Office, is recommending that City Deal areas adopt one of three forms of governance to deliver the City Deal:

- 6.1.1 Joint Committee;
- 6.1.2 Economic Prosperity Board; and
- 6.1.3 Combined Authority.

6.2 The establishment of the chosen model would require each authority to follow their own internal governance structures. In addition, models two and three would involve the

completion of a statutory process, concluding with a parliamentary order establishing one of those as a separate legal entity.

- 6.3 The process of determining which model is most appropriate for the Leicester and Leicestershire City Deal requires agreement between the local authorities in the county. In addition, the Cabinet Office expects to see a demonstration of the parties' collaboration. To this end, it is proposed to establish an Economic Growth Board to host and facilitate ongoing discussions and negotiations about the eventual structure and content of the City Deal. This will replace the existing meetings of the District Leaders and the combined Chief Executive and Leaders meeting. The Economic Growth Board will consist of Leaders and the City Mayor, with a supporting officer from each authority (likely to be the Chief Executive).
- 6.4 Where the representatives from the local authorities have been given delegated powers they may choose to make decisions on behalf of their authorities at the board. For authorities where no such delegations are proposed at this stage, any substantive decision making would be referred back to the authority. The latter is the case for North West Leicestershire.