



The impact of LLEP and transition arrangements for the future.

Lead director: Mike Dalzell
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Useful information

- Ward(s) affected:
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- Report version number plus Code No from Report Tracking Database:

Suggested content

1. Purpose of report

- 1.1. To reflect on the impact of Leicester and Leicester Enterprise Partnership spanning from its inception in 2011 to the present day.
- 1.2. To acknowledge the progress on the transfer of LLEP functions into Leicester City Council under the direction of the new Leicestershire and Leicestershire Economic Growth Board

2. Summary

- 2.1 The Leicester and Leicestershire Enterprise Partnership (LLEP) has made a profound and lasting impact on its region's economic landscape during the 13 years to 2024.
- 2.2 Through its focus on business growth, skills development, apprenticeships, innovation, and sustainability, it paved the way for local organisations to thrive and local people to seize upon a host of opportunities.
- 2.3 Success has been built on the unwavering commitment, creativity, and collaboration of partners, stakeholders, board members, and officers. Their dedication and expertise were the driving force behind the creation of positive opportunities for tens of thousands of businesses and individuals.
- 2.4 LLEP-led initiatives have not only driven economic growth but also fostered a spirit of entrepreneurship and innovation in the region. Great strides have been made in addressing key challenges, from bridging skill gaps, to attracting investment, to promoting low carbon economies.
- 2.5 When reflecting on the impact of the past 13 years and contemplating the future, the LLEP played an influential role in the development of partnerships and its capacity to foster economic prosperity within Leicester and Leicestershire

The future

- 2.6 The Chancellor announced in the Spring Budget (March 2023) that the Government was 'minded to' withdraw central government support (core

funding) for Local Enterprise Partnerships (LEPs) from April 2024 and transfer their functions – namely, business representation, strategic economic planning, and the delivery of government programmes where directed – to local authorities, where they are not already being delivered by combined authorities or the Greater London Authority.

- 2.7 In August 2023, Government wrote to LEP Chairs, Combined Authority Mayors, Local Authority Leaders confirming their 'minded to' decision.
- 2.8 Government confirmed that where not delivered by a combined authority, or in areas where a devolution deal is not yet agreed, the Government expects these functions to be exercised by upper tier local authorities (UTLAs), working with other upper tier local authorities, over functional economic areas.
- 2.9 Government published initial guidance on transition of those functions in August 2023.
- 2.10 To ensure effective consultation with partners and stakeholders, and a smooth transition, it was agreed that members of the LLEP Board and a District Council representative would join senior officers of the UTLA's and the LLEP CEO to create the LLEP Transition Board.
- 2.11 The LLEP Transition Board is committed to ensuring a strong business voice is maintained to support the UTLAs to deliver strategic economic planning, and ongoing delivery of specific government programmes where directed.
- 2.12 In November 2023, government requested that all LEPs and UTLAs submit an Integration Plan, detailing the proposed new model for business and stakeholder representation.
- 2.13 In Leicester and Leicestershire, the UTLAs submitted an integration plan with a suggested model where business and stakeholder representation would be delivered via a Business and Stakeholder Advisory Forum, and the chair of that board will report into a suggested Economic Growth Board with the two upper tier local authority leaders.
- 2.14 As of 1 March, the feedback on the proposed integration plan had not been received.
- 2.15 In the interim, Government published further guidance on the role and proposed functions of the new Economic Growth Board 19 December 2023. They also confirmed that the UTLA taking on the LEP function would receive up to £240k to support transition 2024/25. Any further funding would be subject to spending reviews.
- 2.16 The guidance was clear that the development of Local Economic Strategy, management of government programmes, and business voice representation are the key functions for Economic Growth Boards.
- 2.17 To ensure that work wasn't delayed, the UTLAs and LLEP CEO had already approved these functions for transition.

- 2.18 Government have suggested that they wish to be in receipt of refreshed economic strategies by October 2024, however further guidance on this is due June 2024.
- 2.19 In lieu of any further clarification on funding the UTLA and LLEP Transition Board have agreed to underwrite delivery for the new Economic Growth Board utilising LLEP reserves.
- 2.20 Support for Enterprise Zones, Skills and Apprenticeships, The Business Gateway Growth Hub and work of the Leicester and Leicestershire Careers Hub will continue.
- 2.21 The team is in an organisation review which will see 13 posts made redundant and the creation of 7 new posts.
- 2.22 It is proposed that LLEP private sector Directors will step down 31 March 2024 and the company will transfer to public sector ownership with 2 UTLA officers as Directors.
- 2.23 Delivery of the new Economic Growth Board will commence 1 April 2024.

3. Recommendations

- 3.1 Members are encouraged to review the contents of the report and the progress regarding the future of Economic Development across Leicester and Leicestershire.

4. Report/Supporting information including options considered:

Overview

- 4.1 The Leicester and Leicestershire Enterprise Partnership (LLEP) was formed in 2011 to foster closer collaboration between local authorities and the private sector. Its purpose was to drive economic growth and job creation regionally.
- 4.2 In the 13 years that followed the LLEP led more than 360 projects, bringing almost £860 million of investment into its region. Notable successes, such as the introduction of Enterprise Zones, attracted development, innovation, and jobs.
- 4.3 Businesses of all sizes benefited. As well as developing infrastructure to attract global players, start-ups and SMEs have been supported. The

Business Gateway Growth Hub helped more than 16,000 local small businesses, enhancing productivity and delivering growth through tailored assistance and grants.

4.4 The LLEP Careers Hub bridged the gap between education and industry, providing high-quality guidance to young people as they made big life decisions. Regional skills gaps were addressed through an advisory panel and apprenticeship strategy.

4.5 In later years activity was underpinned by strategic pillars of innovation, inclusivity, productivity, and sustainability as the region emerged from the Pandemic.

4.6 In 2023 the UK Government announced that LEPs were no longer to be centrally funded, with responsibilities and functions moving instead to local authorities.

4.7 Strategy

4.8 Economic development in Leicester has been largely driven by LLEP strategies. Consistent top level development plans have shaped the local economy, from the original Strategic Economic Growth Plan to the Economic Growth Strategy launched in 2021.

4.9 Furthermore, skills strategies have been mapped out to align with future employment needs – ensuring local skills training meet real life industry needs. Taking a proactive approach, the LLEP implemented a host of initiatives, such as the Energy Infrastructure Strategy and Business Tracker Survey, to promote decarbonisation and gain a deeper understanding of business sentiment.

4.10 The LLEP has been a resilient and adaptable advocate, adjusting its strategies to correspond with changing economic landscapes and evolving business and community needs. Its significant efforts in fostering diversity, driving economic growth, and engaging with various sectors have significantly impacted the region's development trajectory.

4.11 Impact

4.12 Since its establishment in 2011, the LLEP has allocated more than £232,254,013 across 362 projects, resulting in the creation or safeguarding of 7,408 jobs, the development of 262,198 square meters of commercial floorspace, and the construction of 97 kilometres of cycle lanes.

4.13 Notable capital projects include:

4.14 **Leicester Tissue Company** a £1 million grant to convert paper reels into a variety of tissue-based products, supporting the creation of at least 80 jobs.

4.15 **Gresham** a £4 million loan to transform the vacant former Fenwick's department store into serviced apartments, co-working business spaces, and four new commercial units.

- 4.16 **River Soar** a £7.5 million grant to safeguard 1,852 homes from flooding, as well as mitigating risk, cycling routes were installed and ecological conservation was supported ecological enhancements at Aylestone Meadows and Ellis Meadows.
- 4.17 **IBM** a £1 million grant to fit out premises on New Walk leading to the creation of at least 100 high skilled jobs.
- 4.18 **St Margarets Bus Station** a £10.5 million grant to develop the first carbon neutral bus station, enabling the conversion from diesel buses to all electric vehicles.
- 4.19 **Skills and Innovation Village at Leicester College** a £3.27 million grant to build a purpose-built facility to expand motor vehicle engineering at Abbey Park Campus.
- 4.20 **Space Park** a £8.17 million grant towards the development of a global hub for space research, learning, public engagement and innovation.
- 4.21 **E E Smith Contracts Ltd** a grant of £43,750 to purchase a spray booth which led to the creation of 13 jobs.
- 4.22 **LCC Workspace Phase 3** a grant of £3.5 million for the development of the additional co working spaces within the Enterprise Zone.
- 4.23 **3 Digital C's (Confidence, Creativity, Competence)** a grant of £65,677 to support the WEA to deliver digital skills to disadvantaged adults.
- 4.24 Enterprise Zone**
- 4.25 Enterprise Zones were developed to provide a targeted boost to local economies designed to use local skills and clusters to contribute to national growth. The ability of EZs to retain growth in business rates for 25 years has empowered the LLEP to reinvest in site development and building workforce skills.
- 4.26 Created in 2015, Leicester Waterside is currently being transformed from an under-utilised area into a vibrant high-tech community. A gateway to the city centre boasting mixed-use development, including Grade-A office space and R&D workshops, which will further encourage industry-academia collaborations, home to Space Park Leicester and much more, it is building partnerships that are initiating innovative developments in diverse sectors, from space observation to achieving net zero emissions.
- 4.27 Careers Hub**
- 4.28 Formed in 2018 the Careers Hub has grown into a key strategic player in connecting education and business. An integral part of the national Careers & Enterprise Company network, it has effectively constructed alliances between schools, colleges and businesses. The Careers Hub is currently partnered

with every secondary school and college in Leicester to offer a comprehensive, progressive career education plan.

4.29 The Careers Hub also funds projects supporting teachers, parents, carers and young people, for example in collaboration with Ash Field School and Enable, it offered students the chance to organise and run a coffee morning, gaining practical skills while instilling a sense of social responsibility.

4.30 Business Gateway Growth Hub

4.31 Since 2015 the Growth Hub has supported over 16,000 businesses by offering tailored assistance to boost productivity, innovation, and sustainability, it has accelerated development of SMEs across a host of industries. Providing services such as a first point of contact for business information and programmes, it has signposted to finance, led and supported business-related events, and enhanced support programmes.

4.32 The Growth Hub's achievements were consistently bolstered by the forging of collaborative partnerships. Programmes such as Manufacturing Growth and Ambition to Grow were designed to address sector-specific challenges, while initiatives such as Made Smarter and Create Growth brought significant investment to support local manufacturing and creative businesses.

4.33 Skills and Apprenticeships

4.34 The LLEP has dedicated substantial efforts to improve inclusivity in recruitment, enhance area connectivity, tackle skill priorities, and promote best practices. The utilisation of Skills Reports has been pivotal in shaping curriculum planning and crafting region-specific skill development strategies. The commitment of the LLEP's specialised Skills Team to closing skill disparities in our region is indicative of the strides made in advancing the skills agenda.

4.35 The LLEP recognises challenges faced by SMEs in identifying suitable skills support offers. The solution is the Building the Workforce of the Future guide. This presents case studies and comprehensively addresses typical skill challenges for employers, successfully reaching 5,000 small businesses.

4.36 Innovation

4.37 The LLEP Innovation Strategy is a 10-point plan, underpinned by principles of the Economic Growth Strategy, to promote innovation across all businesses. The core aim is to enhance productivity, aspiring for a 5% economic growth beyond the national average. This is a critical undertaking, offering a response to weak productivity, low R&D expenditure relative to the national standard, and the prevalence of small businesses in the region.

4.38 The annual Leicestershire Innovation Festival celebrates innovative activity and businesses across the region. From just three events in 2018, it has flourished into a festival of 20 events, drawing more than 1,200 registrations in 2023 alone.

4.39 Sustainability

4.40 LLEP participation in carbon reduction programmes has helped businesses to dramatically reduce CO2 emissions. Through the Business Gateway Growth Hub, support was offered to businesses through the Zellar low carbon digital platform. Access enabled 100 businesses to reduce their carbon footprint. This support resulted in energy savings in excess of £301,000 and the prevention of 230 tonnes of CO2 emissions.

5. Financial, legal and other implications

5.1 Financial implications

5.2 Legal implications

5.3 Climate Change and Carbon Reduction implications

5.4 Equalities Implications

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

6. Background information and other papers:

7. Summary of appendices: n/a

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”?

No

10. If a key decision please explain reason

In determining whether it is a key decision you will need consider if it is likely:

- to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council’s budget for the service or function to which the decision relates.
- to be significant in terms of its effects on communities living or working *in two or more wards in the City*.

Expenditure or savings will be regarded as significant if:

- (a) In the case of additional recurrent revenue expenditure, it is not included in the approved revenue budget, and would cost in excess of £0.5m p.a.;
- (b) In the case of reductions in recurrent revenue expenditure, the provision is not included in the approved revenue budget, and savings of over £0.5m p.a. would be achieved;
- (c) In the case of one off or capital expenditure, spending of over £1m is to be committed on a scheme that has not been specifically authorised by Council.

In deciding whether a decision is significant you need to take into account:

- Whether the decision may incur a significant social, economic or environmental risk.
- The likely extent of the impact of the decision both within and outside of the City.
- The extent to which the decision is likely to result in substantial public interest
- The existence of significant communities of interest that cannot be defined spatially.