

APPENDIX A

Leicestershire County Council

ECONOMIC GROWTH PRIORITIES

Background

The County Council is committed to supporting the local economy, assisting local businesses to prosper and improving employment opportunities for local residents.

The **growth of the Leicestershire economy** is identified as one of the four priority outcomes for Leicestershire Together (LT). In particular LT identifies the following as key areas of activity:

- Accelerated growth in existing sectors;
- Improved business survival and productivity and increased business in emerging growth sectors;
- People have the right skills to access current job vacancies;
- Funds are aligned to maximise enterprise growth and there is increased enterprise through innovation, research and development;
- Increased availability of employment land; and
- Leicestershire's transport system is efficient, effective and safe and prioritises economic growth.

These reflect priorities identified by the Leicester and Leicestershire Enterprise Partnership (LLEP) and which have been defined in more detail in the LLEP's Economic Growth Plan 2012-20. The Economic Growth Plan includes over 70 actions to be delivered by the LLEP and its partners in the private, public and voluntary sectors.

The LLEP has identified 9 priority sectors and County Council activity will be aligned to supporting these sectors. The priorities below do include a particular focus on one of these, distribution and logistics, because of the specific opportunities for the county in current market conditions.

The priorities which follow set out the narrower set of activities which the County Council itself will prioritise in the immediate term to address current economic challenges in support of the LLEP and Leicestershire Together. These priorities seek to make best use of the skills and resources the Council has available to it, and to harness these collaboratively by working closely with local, sub-regional and national partners from all sectors.

The priorities do not cover everything that the Council does to support the economy, including many of its important roles in relation to transport, education, cultural services and trading standards.

The five main areas of focus are:

- **Worklessness;**
- **Employment Land & Buildings;**
- A specific sector focus on **Distribution and Logistics;**
- **Capital Availability;** and
- **Enterprise Growth.**

Each are taken in turn on the following pages setting out why this is a priority area, what will be done, how, and by when. Some of the priority activities are subject to further investigation and more detailed proposals will be brought forward for consideration and approval.

WORKLESSNESS

Why address worklessness?

Leicestershire is characterised by relatively low unemployment rates and a relatively well qualified workforce compared with the country as a whole. Unemployment rates have been increasing, though, during the economic downturn; for example, the current JSA claimant count unemployment rate (2.4%) is significantly higher than the 1.4% seen for much of 2006 and the very low figure of 1.1% in late 2007/early 2008. Scope also exists to improve the match between skills available in the labour market and those needed by local businesses. In the 2012 business survey, 67% of businesses had recruited in the last 12 months, and 28% had experienced some difficulties in recruitment, often attributable to 'a lack of applicants with the appropriate skills'. Furthermore, 22% of businesses felt that skills shortages were having a serious impact on performance.

Key reasons for addressing worklessness include to improve the employment opportunities and living standards of currently workless people, improve the quality of the labour supply available to local and incoming businesses, and to reduce the demands made by workless people on public services.

What the County Council will do and how.

A County Work and Skills Board has already been established (chaired by the Assistant Chief Executive and attended by a range of public agencies and private sector providers) to oversee activity to address worklessness activity and to ensure the strategic engagement of key partners needed if interventions are to be effective.

PRIORITY - EMPLOYER AND STAKEHOLDER ENGAGEMENT

Actions:

Strategic engagement with employers, providers and partners, through establishing and supporting the Leicestershire Work and Skills Board.

One stream of activity will focus on supporting those who are ready to work to find employment. The flipside of this is supporting local businesses to recruit the workers they need from Leicestershire communities. This will be done through establishing an employer hub, using planning levers to secure construction jobs and training opportunities for local people, and actively brokering linkages between those searching for work and training, and those able to provide it.

PRIORITY - PLACING THE WORK-READY IN EMPLOYMENT

Actions:

Actively support the matching of skills with job opportunities, through:

- establishing a co-ordinated training & recruitment service for Leicestershire;
- supporting the establishment of an initiative which will secure employment and training for local people on large construction projects using developer contributions;
- actively working with employers & training providers on specific developments and other job creation opportunities;
- ensuring existing procurement arrangements are maximising opportunities for local employment and training provision; and
- improving access to work, particularly in Coalville and Loughborough.

Many workless people are, however, not ready to enter the labour market due to not having the right skills and behaviours attractive to potential employers. The priority will be to ensure existing worklessness interventions through agencies like Job Centre Plus and the Work Programme are targeted and fully integrated with other related initiatives. Intermediate job opportunities including placements and volunteering can provide a valuable stepping stone to full employment and will be increased. The Council will also engage with key employers to encourage them to do more to exercise corporate social responsibility to the benefit of disadvantaged workless people and develop specific measures to increase the opportunities for young people to enter the labour market.

PRIORITY - IMPROVING WORK READINESS

Actions:

- Ensuring worklessness interventions are integrated with wider programmes, including the introduction of welfare reforms, the Supporting Leicestershire Families programme and the proposed 'whole place approach to communities';
- Increase the supply of intermediate job opportunities, such as volunteering and work placements;
- Increased employer engagement and corporate social responsibility, through a co-ordinated employer engagement initiative, working alongside the LLEP, to increase the provision of employment and training to those disadvantaged in the labour market.
- Develop specific measures to help young people enter the labour market.

EMPLOYMENT LAND AND BUILDINGS

Why improve the supply of employment land and buildings?

Current evidence points to challenging conditions in the employment land and premises market. Since 2008, developers have experienced limited credit facilities and have had to adopt new business models. This has led to less investment in advance infrastructure and speculative development. On the demand side, businesses have become more cautious about committing to new premises. The demand for large road-rail linked warehousing is expected to increase in future years and the overall demand for office space could decrease. This is in part due to the trend for higher employment densities in office developments but also due to lower growth forecasts for the financial and business services sectors (nationally and locally). There will still be some need for new build to renew obsolete office stock.

Key constraints to employment land and buildings coming forward include low investor confidence, lack of certainty regarding future planning policies, and a lack of capital finance. The Council can act in ways which will help overcome these constraints.

What the County Council will do and how.

Three broad areas of activity will be pursued; improving the accessibility of businesses, especially in rural areas, to super-fast broadband; site enablement; and direct investment in sites and development opportunities.

Super-fast broadband is emerging as an essential infrastructure which is driving business innovation and growth. Whilst BT is investing in super-fast broadband across the UK, there is a risk that a third of the population will miss out. Within Leicestershire it is estimated that this includes 3,800 business premises (excluding home-based businesses). The County Council is working with a range of partners, including the LLEP and district councils, to ensure at least 90% of the Leicestershire premises have access to super-fast broadband by 2015. In the recent business survey, 12% of Leicestershire businesses indicated that Broadband speed was a concern, this increased to 18% of businesses located in the more rural areas. The lack of access to super-fast broadband could act as a constraint to growth at a time when it would be desirable to encourage new enterprises to start in rural areas.

BT estimates that super-fast broadband in a rural area could result in an increase in GVA of 0.3% per annum over 15 years. For every £1 a business invests in super-fast broadband, this will create nearly £15 in additional GVA for the UK economy.

PRIORITY - BROADBAND

Actions:

Improve provision of broadband to businesses and employment sites, through implementation of the County Council-led Broadband programme; the identification of rural 'not-spots' where there exists, or is demand for, commercial property; and exploring the development of 2 pilot schemes in rural areas with LCC investment to improve supply, with a view to recouping on take up.

To help speed up the delivery of planned employment sites (either employment sites with existing planning permission or allocated through Local Development Frameworks/ Local Plans) it is proposed that an Economic Development Infrastructure Plan is prepared. This will clearly set out employment land investment

priorities across Leicestershire and concentrate effort on securing funding for those sites which are able to reap the maximum gain for Leicestershire.

PRIORITY - SITE ENABLEMENT & DIRECT INVESTMENT

Actions

Develop an Economic Development Infrastructure Plan, setting out investment priorities, and identifying delivery options and funding for priority opportunities:

- A5 corridor, including MIRA Technology Park
- Strategic Employment Sites at Sustainable Urban Extensions
- Rail Freight Terminal near East Midlands Airport
- J21 Business Parks and Fosse Park
- Joint Venture on AstraZeneca site
- Loughborough Science Park
- Glenfield Business Park

Influence the development of sub-regional and local planning policies for employment land and premises provision, and support local aspirations for the provision of workspace emerging through neighbourhood plans.

Identify direct investment opportunities and funding, including exploring the following opportunities:

- Glenfield Business Park (managed workspace)
- Food Enterprise Centre (see below)
- Coalville Town Centre regeneration.

SECTOR FOCUS – DISTRIBUTION AND LOGISTICS

Why support Distribution and Logistics.

D&L is one of the few growing sectors in the economy with the demand for large road-rail linked warehousing expected to increase in future years. With its central location and excellent road, rail and air connections Leicestershire is well placed to benefit from this growth bringing business and employment benefits to the County. It is in the current climate the County's main market opportunity to secure economic growth.

The sector currently employs 39,000 people in the County, accounting for 14% of employment. The LLEP's 2012 Employment Land Study projected significant job growth in this sector and commented that demand in the sector is being shaped by economies of scale, carbon credits and growth in Internet shopping. These drivers are combining to create demand for super-size, road-rail linked warehouses in the 'Golden Triangle' which includes Leicestershire's M1 corridor.

What the County Council will do and how.

Developing good engagement with prospective developers and occupiers will help gain a better understanding of development opportunities and specific site requirements. Working with the LLEP and local planning authorities will be important to ensure planning policies at sub-regional and district level facilitate development in appropriate locations.

PRIORITY - DISTRIBUTION AND LOGISTICS

Actions

Prepare Distribution Sector strategy for Leicestershire.

Engage with developers and end users on the preparation of strategy, planning issues and local employment opportunities.

Influence the development of sub-regional and local planning policies for distribution and logistics.

CAPITAL AVAILABILITY

Why improve capital availability

The so called liquidity crisis has restricted the supply of finance for investment and working capital for local companies seeking to increase production. The 2012 Leicester and Leicestershire Business Survey of 1,000 local businesses showed that 70% of County-based businesses were planning for growth, with 12% planning rapid growth, 34% planning moderate growth and 24% planning slow growth. The survey also, however, revealed that nearly 30% of manufacturers indicated concerns about cash flow and/or access to finance. In general, such issues are particularly acute for small business attempting to access smaller loans where transaction costs are disproportionately high, with a significant local impact, given that the County area has a relatively high percentage of small firms.

It is worth noting that external equity funding is significantly under-used by smaller UK businesses; only 3% use equity finance, whereas 55% use credit cards. Equity, along with alternative channels for debt capital, can potentially benefit these businesses in the early stages of their development, when there is often a need for significant capital injections to achieve potential that may be deemed inappropriate for bank finance alone due to their innovative nature.

Local firms are also suffering from a lack of appropriate advice and guidance on where to go/how to get financial help. In the UK only 25% of small businesses think of themselves as being good at getting external finance, whilst 58% of small firm employers who received advice, report improved business performance.

Through the LLEP engagement with local businesses across the City and County access to finance has been identified as a major barrier to growth, particularly in the manufacturing sector which is predominately located in the urban areas. The LLEP has now successfully bid for £8m of Regional Growth Funding from the Government to be administered locally.

What the County Council will do and how.

The above market failure can be addressed by the County Council through the setting up of a Loan and Grants Fund for Small Businesses to compliment the LLEP Regional Growth Funding. This fund would be a short term, temporary intervention to assist small businesses, particularly in rural and market towns, during the current economic crisis. It would developed as an extension to the existing Rural Capital Grant scheme to also include a loans fund against which LCC would expect to deploy capital with a commercial return commensurate with its level of investment and risk.

PRIORITY - CAPITAL AVAILABILITY

Actions

Establish a Loan Grants Fund for Small Businesses in Rural area and Market Towns.

ENTERPRISE GROWTH

Why prioritise supporting enterprise growth

The current economic climate provides challenging circumstances for start up companies, small and micro-businesses and social enterprises. This provides a risk to the county's economy which has a high proportion of small businesses, with 89% employing less than 10 people and 98% employing less than 50 people.

The number of new enterprises starting in 2010 (per 10,000 population) was below the national figure (55.1 in Leicestershire compared to 61.3 in England). The most recent three year business survival rate for Leicestershire, at 66%, is better than the national average of 63% (based on businesses starting in 2007). Nevertheless, this still indicates that only two in three new starts survive more than three years.

The current situation is exacerbated by the scaling back of services like Business Link.

What the County Council will do and how.

An opportunity exists to help build the county's business base through a suite of relatively small scale interventions, including support for social enterprises, the rural economy, and for business advice and mentoring.

Rural areas have fared reasonably well compared to their urban counterparts during the recent economic difficulties and do provide significant opportunities for growth. Specific sectors that are particularly important to Leicestershire's rural economy include land-based, food and drink, tourism and knowledge intensive businesses. These businesses are often small in size and can be overlooked in national programmes.

Key outcomes for the Leicestershire Rural Partnership (Rural Framework 2011-14) are to: increase investment into the rural economy and create jobs; explore and exploit opportunities for growth in key sectors and enable local businesses to overcome identified barriers to growth, such as planning processes.

PRIORITY – SUPPORTING THE RURAL ECONOMY

Actions:

Deploy the Rural Capital Grant Fund (£300k over 3 years) in support of rural businesses in the land-based, food and drink, tourism and creative sectors.

Explore options for developing a Food Enterprise Centre.

Promote and embed the nationally-recognised Rural Economy Planning Toolkit.

The establishment and success of new and small businesses can depend on the availability of good quality advice and support. There are various sources of advice many of which can be accessed through http://www.llep.org.uk/business_advice_and_support There is clear evidence that mentoring can contribute to business development, innovation and growth. The County Council will seek to maintain and improve take up of mentoring opportunities in the County. The Council will also explore how libraries can contribute to economic growth, in particular through the establishment of enterprise hubs as centres for business advice and support. Through the LLEP's Better Business for All project the Council will make business regulations easier to access and understand.

PRIORITY – BUSINESS ADVICE AND MENTORING

Actions:

Scope existing business mentoring opportunities and identify whether arrangements can be improved through better signposting and co-ordination of existing provision, or whether new provision is needed.

Investigate setting up Enterprise Hubs as centres for business advice and support, building on the previous experience of delivering Multi Access Centres in the county.

Encourage business growth by working with partners to make business regulations easier to access and understand.

With respect to social enterprises the Council is keen to continue to explore new and innovative ways of delivering services to local communities. One of the ways this can be achieved is through the development of a range of alternative service delivery models, including social enterprises, which create social impact whilst ensuring service delivery for communities in a cost effective and creative way. The social enterprise model has the potential to empower local communities, particularly those individuals who have the ability to use their entrepreneurial skills to provide services traditionally delivered by the Council. The Council will therefore further develop the range of social enterprises currently operating in Leicestershire.

This will largely be achieved via the two-year contract awarded to the Co-operative and Social Enterprise Development Agency (CaSE-da) which runs from May 2012 to April 2014.

PRIORITY - SUPPORTING SOCIAL ENTERPRISES

Actions:

- Provide increased support, guidance and advice to new, emerging and existing social enterprises, including assistance to individuals looking to set up social enterprises;
- Provide grants to provide financial support to both existing and emerging social enterprises;
- Continue to provide support and advice to County Council staff considering setting up social enterprises, or exploring the potential of re-provision of Council services through a social enterprise model.