

Leicester & Leicestershire Economic Growth Strategy 2021-2030

Executive Summary

Leicester and Leicestershire Enterprise Partnership Limited
November 2021

Foreword



Using our local capabilities, innovations and skills – we will build a productive, innovative, inclusive and sustainable economy at the cutting edge of science and technology that supports the health of people and the planet.

Leicester and Leicestershire has undergone a transformation over the past decade – into an innovative, technology-led and knowledge economy. These new and evolving strengths, alongside existing strengths and advantages will help us overcome the impacts of Covid-19 and challenges of the EU transition. It is important to also acknowledge the need to deliver economic participation and prosperity for all residents, to improve people’s health and ensure a carbon-neutral future.

From post-Covid recovery, to the future impact of new technologies and international trading arrangements, the future is uncertain. Important national policy decisions that will impact local economies are also being formulated, and we will know their priorities, objectives and potential resources later in 2021 and 2022.

This strategy sets out the broad ambitions for Leicester and Leicestershire that will inform future funding bids and resource prioritisation

Despite the current economic and policy uncertainties, we are best served identifying and being informed about our main challenges and opportunities. This strategy sets out ambitions, objectives and priorities for the next 10 years and is intended to be used as a commissioning document for seeking funding, allocating funding and making decisions of what to prioritise over the coming years.

The Leicester & Leicestershire Economic Growth Strategy is based on an analysis of the current state of the economy, previous and current research, strategies and action plans, and stakeholder aspirations and concerns. Prior to the formulation and writing of this strategy, a separate document entitled the Leicester & Leicestershire Economic Growth Strategy Evidence Review 2021 was published. It set out the insights and evidence from existing strategies and studies, stakeholder workshops and research commissioned by the Leicester and Leicestershire Enterprise Partnership to offer an up-to-date analysis and outlook for the economy. It also incorporates the recommendations and priorities of The Strategic Growth Plan for Leicester & Leicestershire 2050: Our vision for growth (2018) – this is the strategic growth plan for the region which has been endorsed by the nine local authority partners and the Leicester and Leicestershire Enterprise Partnership. Furthermore, this Strategy considers the Climate Emergency Declarations made by both Leicester City Council and Leicestershire County Council and highlights a vision for achieving sustainable economic growth.

The next steps are to develop delivery plans and secure resources.

The strategy presented here is not an action plan or delivery document - these will come later in 2022.

Leicester and Leicestershire has a fantastic track record in delivery, in transforming the region into a knowledge and technology-led economy. We have successfully delivered a range of transformative local and national policy initiatives, such as our Enterprise Zone sites. We are poised to further capitalise on initiatives such as the East Midlands Freeport. Working together, we can deliver the 2021-2030 Economic Growth Strategy.



Contents

Foreword	2
Executive Summary	4
Our Mission	13



Executive Summary



Leicester and Leicestershire's Economic Growth Strategy 2021-2030

The Leicester and Leicestershire Economic Growth Strategy 2021-2030 seeks to deliver recovery and growth. Leicester and Leicestershire face the challenges of recovering from the Covid-19 pandemic, and the post-EU transition – from a position of strength as the region has transformed into a leading technology and knowledge-based economy over the past 10 years.

This strategy is built on robust research, stakeholder views and existing policies. This new economic strategy incorporates previous and current research, strategies and action plans, and stakeholder aspirations and concerns. It also builds on the recommendations and priorities of The Strategic Growth Plan for Leicester & Leicestershire 2050: Our vision for growth (2018), which is the strategic growth plan for the region endorsed by the nine local authority partners and Leicester and Leicestershire Enterprise Partnership.

Diversity is our strength. Leicester and Leicestershire benefits from a thriving, multicultural city at its heart surrounded by distinctive and independent towns and beautiful and productive rural areas. Our aspiration is to ensure that the diversity of Leicester and Leicestershire is more strongly reflected in the types of jobs and industries which our residents participate in, as well as

broadening the diversity of entrepreneurship, and business leadership in terms of gender, ethnicity and age.

Building sustainability principles into everything we do. Leicester and Leicestershire's local authorities have recently declared a climate emergency and are leading the way in moving towards net carbon zero. New strengths are emerging such as the low carbon sector, space and life sciences and other activities that are creating new knowledge-based jobs and business opportunities.

Collaborating to succeed. The region's strategic central location provides many exciting opportunities. These include areas in both the Midlands and the wider UK on issues of common economic interest that will help to implement the objectives of Building Back Better. Key collaborations include the Midlands Engine, East Midlands Freeport, and joint working with Coventry and Warwickshire, and Derbyshire and Nottinghamshire.





PICTURE OF

Continuing the economic transformation

Building on the global R&D and entrepreneurial expertise of Leicester and Leicestershire’s three universities, and excellence in science and engineering, the region is now home to several UK and world-leading centres of new technology and innovation in space and Earth observation, sports science, life sciences, IT and cyber technologies, and automotive engineering.

Leicester and Leicestershire is also the UK’s central logistics hub, having gained significant jobs and investment due to the area’s strategic location. Agriculture and Food & Drink production remain key sectors in the region, producing £1.8 billion in GVA and accounting for 43,900 jobs. There is an opportunity to further build a sustainable visitor economy, that currently supports 58,000 jobs in Leicester and Leicestershire. New developments such as the East Midlands Freeport, HS2, and the continued development and build-up of world-class technology and business parks, position the region for further growth.

A successful, accessible location for business with world-class science and enterprise parks, and vibrant urban and rural areas. Alongside a reputation for a high quality of life and mixture of a dynamic city and vibrant rural towns and areas, Leicester and Leicestershire provides some of the best sites in the UK for science, technology, professional services and logistics businesses in the most central, accessible location in the UK.

Although the diversity of the local economy has presented some resilience against the impacts of Covid-19, the challenges facing communities and localities experiencing economic disadvantages have deepened. Industries such as manufacturing, tourism and hospitality have been hit hard by the pandemic. Prior to Covid-19, the region experienced long-standing economic deprivation and disadvantage challenges, with Leicester and Leicestershire ranked 23 out of 38 LEPs for deprivation. Covid-19 has led to further inequalities and concentrations of disadvantage, and has increased the future risk of unemployment and job insecurity facing lower-skilled residents and workers.



The strategy and its four pillars

Using our local capabilities, innovations and skills, we will build a productive, innovative, inclusive and sustainable economy at the cutting edge of science and technology that supports the health of the people and the planet. We aim to do this through our four strategic pillars (Productive, Innovative, Inclusive and Sustainable), outlined as follows:





Productive

Aim: Increase GVA and productivity, continue to develop a leading science and technology-led economy.

Leicester and Leicestershire is a prime location for international business, with 18% of businesses actively exporting their products and services. The region has seen significant growth in science and technology and the knowledge economy, accommodated in our growing world-class business and technology sites. Current challenges include the high demand for office and industrial land and premises, with insufficient supply and the reliance on public sector intervention. Up to 42% of jobs in Leicester and Leicestershire will require graduate skills by 2030, but the region has low graduate retention rates.

The four main priorities for meeting this aim and addressing the challenges include:

- 1. Entrepreneurial, resilient and high growth businesses:** Continuing to build an entrepreneurial region, further improving rates of enterprise start-ups and scale-ups, and helping businesses recover after the pandemic. We will continue to support the following sectors:
 - Beacon sectors: Space and Earth Observation, Life Sciences, Automotive, Sport Science and Cyber), aligned with our MIT REAP strategy.
 - Growth sectors: ICT, Food and Drink, Logistics, and Professional and Financial Services).
 - Key sectors of interest: Agriculture, Textiles, Creative and cultural, Construction, Tourism and the Visitor Economy and the Voluntary and non-profit sectors.

- 2. Attract and grow international businesses, investment and visitors:** Support the contribution that international trade and investment make to economic growth, productivity and the creation of high-skill and high value jobs; whilst renewing our efforts to develop the visitor economy. Build on past successes, including the IBM Leicester Client Innovation Centre, The Access Group Global HQ, the MIRA Technology Institute and the work of Visit Leicester and Leicestershire.

- 3. Employment and skills for growth:** Knowledge intensive services are forming an increasing share of the local workforce – comprising 238,600 jobs in 2018 and increasing by 2% per year since 2000. We need to continue to build relationships and joint initiatives to meet the employment and skills needs of employers and the future economy.

- 4. World-class business locations:** Continue to develop and provide the business sites and locations needed to become a world-class location for science, technology and professional services. Build on the success of Loughborough University Science and Enterprise Park, MIRA Technology Park, Charnwood Campus Life Sciences Opportunity Zone, SEGRO Logistics Park, Magna Park, Leicester International Gateway and SpacePark Leicester.





Innovative

Aim: Global innovation leadership, increase innovation activities across the whole business base.

Over the past decade, Leicester and Leicestershire has significantly increased its university- and technology-based R&D and entrepreneurship. The region is also home to corporate R&D centres for 3M, IBM and PepsiCo. The region's economy is dominated by small businesses and the MIT REAP Programme has developed an ambitious, tailored programme to increase the rate of entrepreneurship and business growth in Leicester and Leicestershire.

Low levels of R&D expenditure compared to the national average and international standards continue to be a challenge. Workforce skills are also deficient in key areas, such as STEM-related industries and corporate management. A major boost to innovation is required to meet the climate change and sustainability agenda facing local industries and society.

The four main priorities for meeting this aim and addressing the challenges include:

1. Global innovation leadership: Supporting our outstanding R&D strengths and innovation achievements. This involves working closely with the region's three universities – De Montfort, Leicester and Loughborough. SpacePark Leicester is a major new R&D and technology business campus which demonstrates that the region can attain and invest in innovation leadership of national and international significance.

2. Increase and broaden innovation activity amongst businesses: Capitalising on the interest amongst the Small and Medium Enterprise (SME) base in innovation and knowledge exchange, improving rates of innovation adoption, collaboration and skills acquisition. We need to increase regional business involvement in university research, building on progress such as that achieved by De Montfort University's Cyber Security Academic Centre of Excellence.

3. Successfully pioneer and apply emerging and new technologies: Helping businesses become more competitive and resilient. The most resilient businesses that emerged from the Covid-19 pandemic, had good digital systems and online platforms, or implemented them rapidly. Business performance and success depends on technology and innovation adoption and transformation. Leicester and Leicestershire has a great track record upon which to build, exemplified by initiatives such as the 842-acre MIRA Technology Park.

4. Innovation for sustainability: Business performance and success depends on technology, adopting innovation and transformation. Sectors such as food & drink, textiles and logistics will need support in the transition to sustainability. The region has several distinct leaders in sustainable technologies, such as Cenex, based in Loughborough, which is the UK's first Centre of Excellence for Low Carbon and Fuel Cell technologies, established in 2005.



Inclusive

Aim: Create a resilient, adaptive workforce where all residents have access to skills and career progression and are paid the living wage.

The diversity and international links of the region's population and communities presents opportunities for international trade and investment. The concentrations of deprivation, pockets of low education and skills attainment, and social, economic and health inequalities in Leicester and Leicestershire will need addressing. To increase access to opportunities and decrease economic disadvantage, there needs to be progress in delivering youth, employment and careers services.

The four main priorities for meeting this aim and addressing these challenges include:

1. Informed choices and routes to job and skills progression: Deliver services to prevent increases in youth unemployment, provide employer-led skills development, progression pathways and increase apprenticeships. Partners in Leicester and Leicestershire need to build on the significant progress made in the provision of youth, employment and careers services with the Enterprise Adviser Network, Careers Hub and the Youth Employment Hub.

2. Improve skills and qualifications attainment and employability of the workforce: Reduce the flow of low skilled, poorly qualified individuals into adulthood, and address low qualifications and skills attainment in adults. Initiatives such as Loughborough College Careers and Enterprise Hub are making good progress and continued support for similar initiatives is needed.

3. Improve access to work, labour market inclusion and wellbeing at work: This priority aims to address the foundations of labour market exclusion, working conditions, and health. It seeks to help individuals participate in education, training and the labour market, and to access and maintain employment. Wellbeing at work is also of increasing importance for those most at risk of health inequalities, economic exclusion and poverty. Initiatives such as Barratt Developments and SMB Group's Construction Partnership and Social Mobility Pledge, and the University of Leicester and Leicester College support for leaders and managers in the voluntary sector, have shown that progress can be made.

4. Improve jobs quality, in-work progression and pay: We need to ensure good access to education and skills attainment, quality jobs, pay and prosperity, particularly amongst deprived or excluded individuals, households and communities. We also need to examine how communities and residents can access new areas of jobs growth such as in the green economy.



Sustainable

Aim: Become a leader in zero carbon solutions, with sustainability principles built into everything we do.

OPPORTUNITIES:

In Leicester and Leicestershire, all local authorities, the Local Enterprise Partnership, universities, East Midlands Airport and many other businesses and organisations have made a commitment to zero carbon, addressing biodiversity loss and resource scarcity. There are opportunities for businesses in developing and adopting sustainable innovations and technologies – such as zero carbon vehicles, pollution monitoring, and Earth observation. Climate change and sustainable development will bring radical, urgent and far-reaching consequences for the economy, business operations and industrial structure. We will need new and adapted economic models and frameworks.

The four main priorities for meeting these aims include:

1. Sustainable places, city and town centres:

City and town centres have been impacted significantly by the pandemic, with local retail (excluding food) and leisure footfall up to 80% lower during the past year, whilst the shift to online shopping has accelerated. The demand for new homes continues to increase. Development and redevelopment must be delivered sustainably, going forward – as prioritised in The Strategic Growth Plan for Leicester & Leicestershire 2050: Our vision for growth. Homes must be affordable and green, and sites for new employment space and premises must be zero carbon developments. Progress on the Natural Capital Strategy and the National Forest has been made but will need continued support.

2. Sustainable transport and connectivity: For Leicester and Leicestershire to deliver the 187,096 new dwellings that it is estimated will be needed by 2050 will require rail improvements and increased modal shift from private to public and sustainable transport. Road improvements to the A46 and A5 are vital to housing and employment growth,



with road transport decarbonisation and improved internet connectivity, particularly for rural areas, also required to meet sustainable development goals. Some progress has been made on internet connectivity with the rollout of Superfast Leicestershire, but continued investment in broadband and 5G will be required to ensure that digital infrastructure can meet the requirements of employers, workers, businesses and learners in the future.

3. Sustainable energy: The Energy Infrastructure Strategy for Leicester and Leicestershire demonstrated that renewable energy could generate 6,700 gigawatt hours per year – enough to meet total electricity demand in the region today, and in 2050. To achieve this, 125 megawatts of renewable energy generation needs to be installed every year up to 2050. Another barrier to energy efficiency is that power networks are stressed, and more efficient energy infrastructure and networks need to be installed, including ‘smart streets’ networks.

4. Sustainable business: To achieve carbon saving targets and increase the environmental sustainability of the local economy, businesses will need to decarbonise, reduce resource use and waste, and adapt to new business models and conditions. Grant programmes such as the Green BELLE project have been welcome, but business transformation will need to continue.





Next steps

This strategy sets out the broad ambitions for Leicester and Leicestershire that will inform future funding bids and resource prioritisation. The ambitions, objectives and priorities for the next 10 years are intended to be used as a commissioning document for seeking funding, allocating funding and making decisions on what to prioritise over the coming years. Working with partners, we will develop delivery plans and secure resources for the individual pillars and priorities within the Strategy.



Our Mission

Welcome to Leicester and Leicestershire – a leading and fast-growing centre of science, technology and knowledge industries in the UK



This new Economic Growth Strategy for 2021-2030 seeks to deliver recovery and development, building on the successful transformation of the local economy over the past 10 years

Leicester and Leicestershire's Economic Growth Strategy for 2021-2030 seeks to deliver a successful recovery from the Covid-19 pandemic and further capitalise on the phenomenal transformation of the local economy over the past 10 years. Prior to the Covid-19 pandemic, Leicester and Leicestershire generated £24.5 billion in GVA, with 42,000 businesses and 538,000 jobs. As a testament to its resilience and growth potential, we expect this to increase to £30.2 billion and 568,000 jobs by 2030.

Building on the global R&D and entrepreneurial expertise of Leicester and Leicestershire's three universities, and excellence in science and engineering, the region is now home to several UK and world-leading centres of new technology and innovation in space and Earth observation, sports science, life sciences, IT and cyber technologies, and automotive engineering. Leicester and Leicestershire is also the UK's central logistics hub, having gained significant jobs and investment due to the area's strategic location. Agriculture and Food & drink production remain key sectors in the region, producing £1.8 billion in GVA and accounting for 43,900 jobs. There is an opportunity to further build a sustainable visitor economy, which currently supports 58,000 jobs in Leicester and Leicestershire.

With the opportunity to create up to 9,900 new skilled jobs in Leicester and Leicestershire from the East Midlands Freeport

Another significant new opportunity is the East Midlands Freeport, which benefits from the existing maritime-operated rail facility at East Midlands Gateway, and existing and proposed railheads at Ratcliffe and East Midlands Intermodal Park. The Freeport, at full build out across three sites, is expected to generate 61,700 jobs – 32,800 on-site jobs, and another 28,900 through supply chains. The site is based around the East Midlands Airport and Gateway Industrial Cluster (EMAGIC) in North West Leicestershire and is expected to contribute £600 million in GVA annually, and 9,900 jobs within Leicester and Leicestershire (with £390 million and 5,300 jobs on-site).

The Freeport will bring significant investment to develop and drive innovation, alternative energy sources and green technology supporting SMEs and large regional employers, including Rolls-Royce, Toyota, and Alstom (formerly Bombardier). The East Midlands Freeport bid was submitted in February 2021 by a consortium led by the Local Enterprise Partnerships representing Leicester, Leicestershire, Derby, Derbyshire, Nottingham and Nottinghamshire. It included private sector businesses and local authorities, with support from universities, business groups, local MPs and the proposed East Midlands Development Corporation.

A successful, accessible location for business with world-class science and enterprise parks, and vibrant urban and rural areas

Alongside a reputation for a high quality of life and mixture of a dynamic city and vibrant rural towns and areas, Leicester and Leicestershire provides some of the best sites in the UK for science, technology, professional services and logistics businesses in the most central, accessible location in the UK.



Leicester and Leicestershire has transformed into a leading technology and knowledge-based economy over the past 10 years

The region's three universities (De Montfort University, the University of Leicester and Loughborough University) and businesses have demonstrated that they are world-class at Sports science, Space, Advanced engineering, and Automotive sectors, The Life sciences, Health, ICT, Professional services and Logistics. The universities are well integrated into the local economy and business base, where they impart their international research expertise and their own entrepreneurship and innovation initiatives. Leicester and Leicestershire's further education colleges have adopted a business-focus and are helping to improve SME participation in apprenticeships.

With the potential to reach critical mass in terms of the techno-entrepreneurial economy – particularly on its world-class business and technology sites

This progress has culminated in the delivery of a range of modern science, technology and business sites – with higher education, R&D and enterprise support built-in. These include the Loughborough University Science and Enterprise Park, MIRA Technology Park, Charnwood Campus Life Sciences Opportunity Zone, Magna Park, SEGRO Logistics Park, Leicester International Gateway and SpacePark Leicester. Alongside this, the region also hosts leading commercial R&D activity and expertise in firms such as 3M Group, the AI Institute, PepsiCo and IBM. These leading business and technology sites are supported by East Midlands Airport's global connectivity. The recently announced East Midlands Freeport will also provide a significant boost to Leicester and Leicestershire.

Covid-19 has accelerated and exacerbated existing trends

Leicester and Leicestershire suffered from higher caseloads of Covid-19, and the impacts on tourism and hospitality sectors has been significant. However, the diversity of the local economy has provided some resilience against the pandemic, and there have been fewer job losses compared to the national average. In addition, certain sectors in the region such as logistics, life sciences and online retail, have seen buoyant demand and growth over the past year.

As elsewhere, the Covid-19 pandemic has impacted workers on low pay and facing job insecurity the most. Due to the pandemic, up to 117,000 jobs are classified as 'vulnerable', of which 58,000 are in Hospitality, Tourism and retail, while 30,000 are in Manufacturing. The tourism sector experienced a 64% fall in economic output in 2020 compared to 2019. There has been a contraction in job vacancies and hiring, with young people particularly affected by a reduction in entry level positions and places on apprenticeships.

Prior to Covid-19, there were long-standing challenges with deprivation and economic disadvantage. Leicester and Leicestershire ranked 23 out of 38 LEPs for deprivation. Leicester City has significant concentrations of deprivation and NEET rates (5% vs. England which has 3%). Although many Leicester and Leicestershire residents enjoy a good quality of life and unemployment is relatively low, the area still suffers from isolated pockets of deprivation and there are significant differences across different local authority areas. Covid-19 has led to further inequalities and concentrations of economic disadvantage and has increased the future risk of unemployment and job insecurity facing lower-skilled residents and workers.

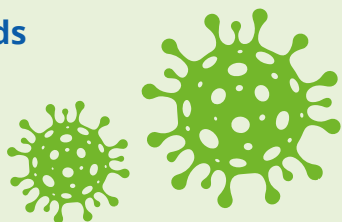
Covid-19 has also impacted business continuity, resilience, supply chains and market demand. The capacities and capabilities of many SMEs have been significantly stretched in terms of their resilience and financial health. The pace of acceleration brought about by the digital transformation of businesses, public services and skills has meant that changes have occurred in a few months instead of taking place gradually over a few years.

Rural areas have also been significantly impacted, with disruptions to harvesting and meeting the demand for agricultural produce, as well as interruptions to supply chain operations in the Food & drink sector. Access to the countryside has also played a significant role during the Covid-19 lockdowns and curtailment of international travel and tourism.

Impacts of Covid-19 on the Leicester & Leicestershire Economy

Covid-19 caseloads

70% higher than national average in February 2021



Employers have been **less likely** to have made **redundancies**

Covid-19 has amplified existing inequalities

in our communities, and the impacts have been uneven both spatially and according to income group, age, ethnicity and gender.



117,000 or **24.3%** of jobs classed as **'vulnerable'** due to Covid-19



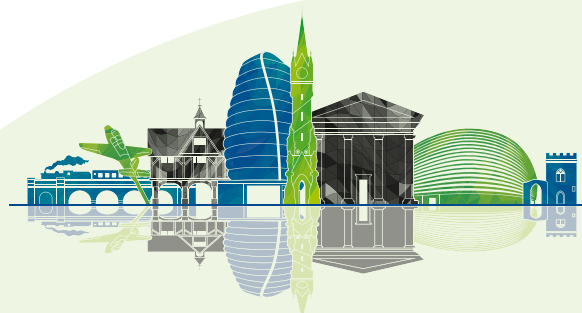
By 2030, as a legacy of the pandemic the Leicester and Leicestershire economy could expect to have in the region of 1,600 fewer jobs, output £800 million lower, and a workforce of £1,300 per annum less productive.

Leicester and Leicestershire – a thriving location for business and talent

Using our local capabilities, innovations and skills – we will build a productive, innovative, inclusive and sustainable economy at the cutting edge of science and technology that supports the health of people and the planet

The Leicester & Leicestershire Economic Growth Strategy is based on an analysis of the current state of the economy, previous and current research, strategies and action plans, and stakeholder aspirations and concerns. Prior to the formulation and writing of this strategy, a separate document, entitled the Leicester & Leicestershire Economic Growth Strategy Evidence Review 2021, was

published. This document sets out the insights and evidence from existing strategies and studies, stakeholder workshops and research commissioned by the Leicester and Leicestershire Enterprise Partnership to offer an up-to-date analysis and outlook for the economy. It also incorporates the recommendations and priorities of The Strategic Growth Plan for Leicester & Leicestershire 2050: Our vision for growth (2018) – the strategic growth plan for the region endorsed by the nine local authority partners and the Leicester and Leicestershire Enterprise Partnership.





Contact Details

To receive news and information about LLEP programmes and activities go to: www.llep.org.uk/subscribe

If you require further information on anything within this publication, please email the LLEP at the address below.

Leicester and Leicestershire Enterprise Partnership Limited (LLEP)
City Hall, 115 Charles Street, Leicester, LE1 1FZ

Tel: **+44 (0)116 454 2917**
Email: admin@llep.org.uk

 @LLEPNews  @LLEPnews

 **Leicester and Leicestershire Enterprise Partnership Limited**

