



# DRAFT Leicester and Leicestershire Local Industrial Strategy

## Executive Summary

*Leicester and Leicestershire will use its world leading assets to drive productivity and improve the health and well-being of the UK's population and ensure we are at the forefront of tackling the challenges and opportunities of climate change through delivering sustainable and healthy growth.*

## A Healthy Climate for Growth

Leicester and Leicestershire at the heart of England make it a great location to do business. It is an enviable advantage as a logistics hub, facilitating domestic and international connections by road, rail and air. This supports an economy which boasts strengths and opportunities across a diverse range of traditional and emerging sectors such as manufacturing, automotive, logistics, life sciences, space, sport, textiles and food and drink, capitalising on both our urban and rural assets.

Our ambition to create a healthy climate for growth and this will be spearheaded by those economic assets which are at the leading edge of innovation and technology and will impact on the three themes of healthy growth, healthy people and healthy business. To this end the Local Industrial Strategy identifies the area's particular strengths and specialisms which will provide opportunities for growth.

### *Sports, health and life sciences*

Loughborough University is world leading in sports science and technologies and both Charnwood Campus (the UK's first Life Sciences Opportunity Zone) and Loughborough University Science and Enterprise Park have large and growing clusters in this area. All three universities in the LLEP are leading in life sciences and health research and development.

*The Local Industrial Strategy sets out how we will deliver Charnwood Campus and Loughborough University Science and Enterprise Park as a hub for medical technologies and exploit our sports science and health research and development assets to drive productivity, both attracting inward investment and applying these capabilities to improve the health and well-being of the UK's population.*

### *Space technologies, earth observation and Artificial Intelligence (AI)*

Leicester is a world-leading hub for space and space-enabled industry being driven by the University of Leicester. From developing satellite technologies to enabling the detailed analysis of space-enabled data, Space Park Leicester will help transform and launch sectors such as internal communications, resource management, environmental monitoring and disaster relief.

*The Local Industrial Strategy will deliver Space Park Leicester as a globally leading centre for the translation of space research and Earth Observation data into commercial applications and services for businesses, researchers and academia.*

### *Advanced manufacturing and automotive technology*

Home to the largest automotive testing facility in the UK at MIRA Technology Park, which leads on the development of autonomous vehicles and commands a vast advanced manufacturing supply chain to the UK and the world.

*Leicester and Leicestershire will grow automotive creative clusters at MIRA and Bruntingthorpe as national assets; further develop advanced engineering and technologies at Loughborough University Science and Enterprise Park; and build the UK's advanced manufacturing clusters for key sectors including food and drink, low carbon technologies and engineering. This will provide the vehicle to stimulate potential high technology transfer between and across sectors within the area and beyond.*

## Strengthening the foundations of productivity

### *Ideas*

Leicester and Leicestershire have significant research and development capability within the area's three universities, two Enterprise Zones and major employers. However, the relative immaturity of the local innovation infrastructure has impeded progress toward the government target of reaching 2.4 per cent of GDP investment in R&D by 2027 and 3 per cent of GDP in the longer term.

To drive up R&D and innovation across the region Leicester and Leicestershire will develop the local innovation infrastructure to provide effective networks to support the convergence of technologies across sectors and facilitate knowledge transfer between local businesses, particularly SMEs.

This will be achieved firstly through the further development of the pioneering R&D taking place within Leicester and Leicestershire's Enterprise Zones and Science and Technology Parks:

- The delivery of Space Park Leicester as the centre of excellence for earth observation and satellite technology
- Enhancing autonomous and electric vehicle assets through the development and expansion of test facilities at the MIRA Technology Park and Bruntingthorpe Proving Ground

- Supporting the development of SportPark and LUSEP in Loughborough as the global centre of excellence in sport and science technology
- Development of the Charnwood Campus Life Sciences Opportunities Zone to create clusters linked to the NHS data centre and sports science
- Support the evolving food and drink sector through embedding innovation and agri-tech into food and drink production, showcasing new approaches through the delivery of the Melton Mowbray Food and Drink Manufacturing Pilot

Complementary to these activities will be the development of an innovation ecosystem closely connected to local universities which will support all businesses to thrive through:

- Enhancing the Leicester and Leicestershire Growth Hub offer to support SMEs to adopt new technologies and processes
- Driving local R&D investment and growth in the area's breakthrough sectors and technologies.
- Supporting the convergence of technologies across sectors and facilitating knowledge transfer between local businesses, particularly SMEs.
- Brokering partnerships to connect innovative and ambitious businesses to Enterprise Zones, global opportunities and ecosystems.

### *People*

Leicester and Leicestershire have significant strengths in terms of skills provision, with three outstanding universities and five high performing FE colleges in the area, all with distinctive specialisms. Increasingly FE and HE are working together to provide clear pathways to the skills needed by employers in the region but are not always able to respond with agility to the needs of employers.

At present, the proportion of low qualified, entry level jobs in the region is higher than the national average leading to underutilisation of the skills available and suppressing pay levels in the area. Conversely, where specific advanced technical skills are required, there is a corresponding shortage of qualified technicians to meet the demands of our high value-added sectors.

Leicester is ranked 32<sup>nd</sup> of the most deprived local authority areas and those who live in disadvantaged circumstances have a wide range of health issues which impact on life expectancy and economic activity.

In order to address these issues, we will:

- Support the development of closer working between FE and HE to provide clear local skills progression pathways in high value industries from school through to HE. Pathways will also enable workers in sectors where the workforce is shrinking due to automation to reskill to meet the needs of sectors where growth is predicted.
- Utilise these pathways to fill high value employment opportunities within the Leicester and Leicestershire Enterprise Zones in advanced engineering, life sciences, space technologies, digital and low carbon and to facilitate the use of technology within food and drink production within the Melton Food and Drink Manufacturing Zone.

- Further develop the Leicester and Leicestershire Enterprise Adviser Network and Careers Hub to enable closer connections between business and education and inspire young people and prepare them for the world of work.
- Improve leadership and management skills in entrepreneurs and SMEs to enable adoption of improved working practices and increase levels of training and development.
- Utilise health, sport and natural assets to promote healthy living.

### *Infrastructure*

Key infrastructure challenges centre around transport and digital connectivity and the urgent need to generate sustainable, low carbon energy in response to growing consumer demands from sectors such as logistics and manufacturing and from increased housing needs.

Leicester and Leicestershire have a strategic central location offering many advantages, sitting at the heart of a logistics 'golden' triangle formed by the M1, M6 and M42 motorways and is also home to East Midlands Airport, the largest pure cargo airport in the UK. However, the potential to maximise the benefits of such a location is inhibited by aspects of connectivity remaining inadequate, particularly east-west road and rail connectivity and poor public transport connectivity between the city, towns and major employment areas, resulting in high car dependency, congestion and pollution. Digital coverage and connectivity are also a critical factor in enabling the region's rural and high technology businesses to thrive and improve productivity.

These issues will be addressed through:

- the delivery of strategically important road and rail projects included in the Midlands Connect Strategy and supported by government
- The delivery of efficient and affordable public transport provision to improve connectivity between the city, towns, and key employment and housing sites
- Delivery of a transport infrastructure network enabling cycling and walking as a viable choice and encouraging a modal shift in travel methods
- Delivery of fuelling facilities to enable operation of electric vehicles for personal, commercial and public transport
- Working to implement the recommendations of the Energy Infrastructure Strategy
- Driving improvements in digital connectivity including adoption of 5G as a transformative enabler in the logistics and space technologies sectors.

### *Business Environment*

Leicester and Leicestershire are home to over 42,000 registered businesses covering a wide range of sectors however, a high proportion of these businesses are in low value-added sectors such as textiles, food and drink and engineering supply chains. The Local Industrial Strategy will tackle these obstacles to growth by further developing the area's business support infrastructure, driving productivity by supporting SMEs to develop management capability, upskill the workforce and in the adoption of new technologies and processes, which is better in other locations the current lack of which are impacting on their ability to develop globally competitive products and services and resulting in low exports.

In addition, lack of high-quality office space across the city and of employment land in city and county is impeding the expansion of high value sectors and stifling opportunities for inward investment.

The Local Industrial Strategy will seek to improve the business environment through:

- Delivery of an enhanced Growth Hub offer to provide support to SMEs from start-ups to scale-ups, facilitating the adoption of new technologies, innovative business models and access to management skills in order to improve productivity. This will include the specific needs and issues affecting priority sectors including rural businesses and the agricultural economy.
- Work with British Business Bank and the Midlands Engine Investment Fund to help SMEs access finance to grow
- Supporting businesses to move towards carbon neutrality and deliver business efficiencies and a move to the circular economy.
- Working with DIT to maximise investment and trade opportunities linked to the two Leicester and Leicestershire Enterprise Zones and to increase foreign direct investment at these locations.
- Improve the supply of employment land and commercial premises for businesses to meet the needs of our growth sectors and attract inward investment.
- Creation of new high value employment space within the two Enterprise Zones to create business clusters in advanced engineering, life sciences, space technology, digital technology and carbon.
- Explore the development of a freeport as part of the East Midlands Development Corporation priority site at East Midlands Airport.

### *Places*

Leicester and Leicestershire have significant urban and rural assets: a vibrant, youthful and diverse city surrounded by countryside with a coexisting rural economy and attractive, independent towns that are important economic centres in their own right. The area is recognised for sporting and cultural, creative and arts heritage and is home to a number of visitor attractions and countryside parks, but there is a perception that Leicester and Leicestershire remain a 'hidden gem' and that there exists a lack of awareness of it as a desirable destination to live, work and visit.

Not all residents are able to benefit from the opportunities available, and there are pockets of tenacious deprivation, particularly within urban areas, and declining economic activity in the city and town centres which is coupled with a lack of available housing supply and decreasing affordability so we are committed to delivering inclusive growth so that all communities have access to the opportunities created by the delivery of the Local Industrial Strategy.

There is also a requirement to further protect and enhance the area's rich natural capital assets to generate services which will contribute to long term economic growth and to energy and circular economy practices that will drive clean growth. This is reflected in the need to ensure that the area's agricultural sector is at the forefront of driving change in order to respond to climate emergency, biodiversity loss and in retaining local production within the economy.

To support the development of thriving sustainable places that offer opportunities to enhance the quality of life for communities and offer inclusivity for all, the Local Industrial Strategy will seek to:

- Support the enhancement of Leicester city centre and the regeneration and development of town centres to create attractive and productive places that people want to work, study and invest in.
- Deliver key programmes to improve employability to reduce deprivation and economic exclusion.
- Support the delivery of planned and sustainable housing growth
- Further develop of the cultural, leisure and tourism offer.
- Protect and enhance natural capital assets and support the delivery of a Natural Capital Plan