

LLEP BOARD OF DIRECTORS

3.00pm, Tuesday 2 June 2020



AGENDA

TIME		ITEM	REPORT	DECISION / INFORMATION	LEAD
15:00	1.	Welcome and Apologies			Chair
	2.	Declarations of Interest			All
15.05	3.	Minutes and Actions – LLEP Board 4 February 2020	Paper A	Decision	Chair
15.10	4.	Operational Budget 2020/21	Paper B	Decision	Helen Miller
15.20	5.	LLEP/Accountable Body Agreement	Paper C	Decision	Alison Greenhill Mandip Rai
15.25	6.	Enterprise Zones	Paper D	Decision	Mandip Rai
15.35	7.	Governance Review	Paper E	Decision	Mandip Rai
15.45	8.	Growing Places Fund NOT FOR PUBLICATION by virtue of paragraph 3 as defined at Annex 7 of the Local Assurance Framework	Paper F	Decision	Andy Rose /Helen Miller
15.55	9.	LGF Programme	Paper G	Information	Helen Miller
16.00	10.	CV-19 Economic Recovery Plan	Paper H	Discussion	Fiona Baker
16.55	11.	National Policy Update	Verbal	Information	CLGU
17.00	12.	AOB			

NB: In line with our Local Assurance Framework (LAF) all minutes are published as a draft record until formal ratification at the next Board of Directors Meeting



LLEP BOARD OF DIRECTORS' MEETING

Minutes of the Meeting – 4 February 2020

Attendance and Apologies:

Directors		Representing	
Kevin Harris	KH	Private Sector	Chair
Andy Reed OBE	AR	Private Sector	Vice-Chair
Prof Robert Allison	RA	Universities	
Emma Anderson	EA	Private Sector	
Sonia Baigent	SB	Private Sector	
Chas Bishop	CB	Private Sector	
Verity Hancock	VH	Further Education	
Anne-Marie Hunt	AH	Private Sector	
Ajmer Kaur Mahal	AKM	Private Sector	
Neil McGhee	NM	Private Sector	
Jaspal Singh Minhas	JSM	Private Sector	
Cllr Jonathan Morgan	JM	Leicestershire District Councils	
Cllr Terry Richardson	TR	Leicestershire District Councils	
Nick Rushton	NR	Leicestershire County Council	
Karen Smart	KS	Private Sector	
Sir Peter Soulsby	PS	Leicester City Council	
In Attendance			
Kamal Adatia	KA	Leicester City Council	
Fiona Baker	FB	Leicester City Council	
Ann Carruthers	AC	Leicestershire County Council	
Alison Greenhill	AG	Leicester City Council	
Iain Gillespie	IG	Universities	
Kevan Liles	KL	Voluntary Sector	
Helen Miller	HM	LLEP	
Mandip Rai	MR	LLEP Chief Executive	
Andy Rose	ARo	LLEP	
Colin Sharpe	CS	Leicester City Council – Accountable Body	
John Sinnott	JS	Leicestershire County Council	
Andrew Smith	AS	Leicester City Council	
Peter Sutton	PSu	Cities and Local Growth Unit (CLGU)	
Rowena Limb	RL	Cities and Local Growth Unit (CLGU)	
Apologies			
Dr Nik Kotecha OBE	NK	Private Sector	
Anil Majithia	AM	Voluntary Sector	

<u>Minute</u>	<u>Action</u>
<p>1. <u>Welcome and Apologies</u></p> <p>1.1 KH welcomed all present to the meeting.</p> <p>1.2 Apologies for absence were received from Anil Majithia and Dr Nik Kotecha OBE.</p>	
<p>2. <u>Declarations of Interest</u></p> <p>2.1 At the invitation of the Chair, KA reminded Directors of what should be taken into consideration when making declarations of interest in items being considered at meetings of the Board of Directors.</p> <p>KA drew particular attention to the provisions of the Companies Act 2006 and Appendix 4 of the Local Assurance Framework (Code of Conduct). The need also to be aware of that Directors could become aware of information, or opportunity, or advantage without a "decision" being taken.</p> <p>The extent of any interest (trivial or non-trivial) and conflicts of interest also were described.</p> <p>2.2 CB declared an interest in item 10, "Local Growth Fund Update" in recognition of his role as Director of the Space Centre.</p> <p>2.3 RA declared an interest in item 9, "Enterprise Zones Investment", in recognition of his involvement in the LUSEP Site EZ.</p> <p>2.4 NR declared an interest in the general business of the meeting as a member of both Leicestershire County Council and North West Leicestershire District Council.</p> <p>2.5 KH declared an interest in item 8, "Growing Places Fund", in recognition of the fact that Norton Motorcycles (UK) Ltd was a client of his business. In view of the nature of his interest, KH advised that he would vacate the Chair and leave the meeting during consideration of this item.</p>	
<p>3. <u>Minutes and Actions – LLEP Board 3 December 2019</u></p> <p>3.1 The minutes of the meeting held on 3 December 2019 were agreed as a correct record.</p>	All to note
<p>4. <u>Written Procedures – GPF Loan</u></p> <p>4.1 It was AGREED that the results of written procedures and the associated decision in relation to the Gresham / Fenwick Redevelopment – Growing places Loan Fund be noted.</p> <p>4.2 The Directors discussed the use of written procedures for key investment decisions. It was agreed that the process should be considered as part of the wider governance review, including options for teleconference meetings to enable discussion.</p>	All to note
<p>5. <u>Annual Review of Written Procedures</u></p> <p>5.1 It was AGREED that the report on the use of written procedures in 2019 be noted.</p>	All to note

Minute		Action
<p>6.</p> <p>6.1</p> <p>6.2</p> <p>6.3</p> <p>6.4</p> <p>6.5</p>	<p><u>Annual Performance Review 2019/20</u></p> <p>RL reminded the Board that all LEPs nationally were undergoing a process of Annual Performance Reviews (APR). Once this was complete, results would be collated to give a national view of how LEPs were operating.</p> <p>An open and honest discussion had been held with the LLEP. Changes in governance, and the impact of these, had been assessed and the LIS had been reviewed, but some consideration still needed to be given to some projects.</p> <p>Formal outcomes from the review were expected at the end of February 2020, which would trigger the release of LGF funding, but overall the outcome had been positive.</p> <p>RL advised that the LIS had not been put on hold, as the Secretary of State wanted to ensure that LEPs set out their work programmes, but consideration of how LISs should be structured and which government area would lead on them was ongoing.</p> <p>It was AGREED that the update be noted.</p>	<p>All to note</p>
<p>7.</p> <p>7.1</p> <p>7.2</p> <p>7.3</p> <p>7.4</p>	<p><u>LLEP Governance</u></p> <p>MR presented a report seeking the Board’s agreement to a review of LLEP governance and the draft terms of reference for the governance review.</p> <p>Attention was drawn to the proposed four stages of the review set out in the report.</p> <p>MR confirmed that consideration would be given to whether there should be local government representation on the review team. NR suggested that, if there was, representatives from all tiers of local government should be included.</p> <p>It was AGREED that:</p> <ul style="list-style-type: none"> i) a review of LLEP governance be undertaken; ii) the terms of reference for the governance review be agreed as set out in the report; iii) the Chair and Deputy Chair of the Board of Directors be included in the review team, plus NK as Programme Board Chair AM and EA; iv) that no directors from local government be included in the review team; and v) it be recommended to the review team that external support be introduced. 	<p>MR</p> <p>MR</p> <p>KH, AR, NK, AM, EA / MR</p> <p>MR</p>
<p>8.</p> <p>8.1</p>	<p><u>Growing Places Fund</u></p> <p><i>It was noted that the paper for this item had been marked <u>NOT FOR PUBLICATION</u> by virtue of paragraph 3 as defined at Annex 7 of the Local Assurance Framework</i></p> <p>ARo submitted a report updating the Board on operating and governance issues relating to Haywood Estates (UK) LLP and Norton Motorcycles (UK) Ltd and reporting on the outcome of the recent decision taken via written procedures regarding the conditions for the approved loan for the Gresham/Fenwick’s development.</p>	

Minute	Action
<p>a) <u>Norton Motorcycles (UK) Ltd</u></p> <p><i>KH vacated the Chair and left the meeting during consideration of matters relating to Norton Motorcycles (UK) Ltd.</i></p> <p><i>AR in the Chair</i></p>	
<p>8.2 ARo and AG updated the Board on the current situation regarding Norton Motorcycles (UK) Ltd, noting that formal notice of the LLEP's first ranking charge over the land involved had registered with the administrators of Donington Hall Estates Ltd.</p>	
<p>8.3 AG reported that a Freedom of Information request had been received from a reporter from a national newspaper, so they would be sent links to documents already in the public domain, in advance of the Accountable Body's formal response to the FOIA request.</p>	
<p>8.4 MR advised that a review of due diligence processes will be undertaken as part of the wider governance review.</p>	
<p>8.5 It was AGREED that the current position regarding Norton Motorcycles (UK) Ltd, and the consequent delay to the settlement of its first GPF repayment instalment, be noted.</p>	<p>All to note</p>
<p><i>KH returned to the meeting and resumed the Chair</i></p>	
<p>b) <u>Haywood Estates (UK) LLP</u></p>	
<p>8.6 ARo updated the Board on the current situation regarding Haywood Estates (UK) LLP, advising that Option C set out in the report was the preferred option at this time.</p>	
<p>8.7 AG advised that the remaining plots were fully accessible, so holding a first charge was beneficial. Therefore, once the valuation report was received, further consideration would be given to which option was the most appropriate.</p>	
<p>8.8 AG noted that this matter required urgent resolution and that should we be in a position to present a report to the next Board meeting on 7 April, we would do so.</p>	
<p>8.9 It was AGREED that:</p>	
<p>i) LLEP officers seek to receive the valuation report in relation to the Old Dalby site as soon as possible;</p>	<p>ARo</p>
<p>ii) the deadline for full repayment of its outstanding GPF loan by Haywood Estates (UK) LLP be extended to 16 June 2020, in order to formalise the current position and protect the interests of the LLEP and Accountable Body; and</p>	<p>AG / ARo</p>
<p>iii) a further report be presented to the next meeting of the Board of Directors for approval of actions taken and/or proposed in relation to the GPF loan to Haywood Estates (UK) LLP.</p>	<p>ARo</p>

Minute		Action
8.10	<p>c) <u>Gresham / Fenwick's Loan Agreement – Outcome of Written Procedures</u></p> <p>It was AGREED that the outcome of a written procedure amendment regarding the terms of the approved £4million GPF loan to Aimrock Holdings Ltd for the Gresham / Fenwick redevelopment be noted.</p>	All to note
8.11	<p>d) <u>General</u></p> <p>It was AGREED that the current financial position and operating principles of the GPF programme be noted.</p>	All to note
9.	<p><u>Enterprise Zones Investment</u></p> <p>9.1 It was noted that the Directors who had declared interests in this item, (see minute 2, "Declarations of Interest"), did not consider themselves to have conflicts of interest, as this was an update report.</p> <p>9.2 MR presented a report informing the Board of the outcome of additional appraisal of project business cases seeking Enterprise Zone Business Rates investment, reaffirming the next steps in the process and providing an update on the Business Rates Legal Agreements.</p> <p>9.3 MR drew attention to the original and updated scores set out in the report.</p> <p>9.4 The next stage in the process also was set out in the report, as part of which MR and AG had already held two meetings with the local billing authorities. The next meeting was due to take place shortly.</p> <p>9.5 RA raised a concern regarding the proposal to have an open call to invite local authority partner(s) to invest on the prioritised project(s) if the relevant local billing authority declined the opportunity, as the only body able to decide who could invest on university land was Council, the University's governing body and this power could not be passed to a third party.</p> <p>In reply, MR advised that only local authorities can invest, based on future receipts from expected business rates growth. Therefore, this was not an investment, (for example, as in ownership of property in the Enterprise Zone), as this related to advancing funding to other bodies.</p> <p>In view of this, RA requested that the wording of paragraph 6.1(ii) be amended, as it currently stated the billing authority would be "invited to fund the project".</p> <p>9.6 It was AGREED that:</p> <p>i) the additional project appraisals undertaken by external consultants Dow Schofield Watts be noted;</p> <p>ii) the next steps of the process be noted, subject to the wording of the stages in the process being amended to not refer to local billing authorities funding projects;</p> <p>iii) progress on the Business Rates Legal Agreements be noted; and</p> <p>iv) the intention for these matters to be approved by the Board at its April meeting be noted.</p>	<p>All to note</p> <p>All to note / MR</p> <p>All to note</p> <p>All to note</p>

Minute		Action
10.	<u>Local Growth Fund Update</u>	
10.1	HM presented a report informing the Board of the updated position of the Local Growth Fund (LGF), the progress of a final reserve project list for the LGF and an outline approach for the review of LLEP pipeline projects.	
10.2	<p>HM and MR updated the Board as follows:</p> <ul style="list-style-type: none"> • Quarter 3 claims had been submitted and were slightly higher than anticipated; • Officers were confident that expenditure would be defrayed in accordance with the profile set out in the report; • Negotiation had started with the project sponsor to resolve the outstanding issue on the Flood Risk Management Strategy Project. It was anticipated that this would conclude in the next few weeks. If a new project could not be taken forward, it was possible that £1.3million would be de-committed from the Fund; • The pipeline was being reviewed to determine what could be spent and delivered, but not all of the required information had been received yet. Consequently, a reserve list had not been compiled at present, but would be prepared for the Board meeting in April; • Some projects being included in the Local Industrial Strategy were not included in the pipeline at present, but the potential to develop projects if funding became available was needed; • Work was needed to enable gaps in the pipeline to be identified more easily; and • Recategorization of projects in the pipeline is being undertaken, to facilitate future funding. Work on this would be undertaken in consultation with partners, to ensure that information on all projects was captured. 	
10.3	<p>It was AGREED that:</p> <p>i) the position of the Local Growth Fund Programme be noted;</p> <p>ii) progress made to date in developing a final Local Growth Fund reserve list for any underspend in 2020/2021 be noted and officers asked to give work on completing this a high priority; and</p> <p>iii) the proposed approach to reviewing the wider LLEP pipeline be noted.</p>	<p>All to note</p> <p>All to note / HM</p> <p>All to note</p>
11.	<u>Skills Advisory Panel Update</u>	
11.1	VH presented a report informing the Board of the development of Skills Advisory Panels (SAPs).	
11.2	VH advised that the SAP was very pleased with the draft documents produced. These still were draft, but good progress had been made, although it was recognised that more work was needed to identify priorities. Any comments from Directors would be welcome. JM asked whether the document could provide district level information.	

Minute		Action
11.3	VH agreed that where available, district level information would be included.	
11.4	RA welcomed the report, noting that an outcome from a 2019 review of higher and further education was likely to be that the sectors would be required to work more closely together, particularly where skills gaps and/or shortages existed. The LLEP therefore needed to be ready to act quickly if funding became available for this.	
11.5	It was AGREED that the report be noted.	All to note
12.	<u>Business Gateway Board Update</u>	
12.1	NM gave a verbal update on the work of the Business Gateway Board.	
12.2	Directors noted that a model for the Board's work had been identified that recognised that the majority of businesses in the LLEP area were small and medium-sized enterprises, with many of these being very small enterprises.	
12.3	The model identified covered a wide range of elements, including a service providers' knowledge base that could be used to identify business needs and business users.	
12.4	NM reported that there was strong interest in creating business networks, such as by type of business.	
12.5	It was AGREED that the report be noted.	All to note
13.	<u>National Policy Update</u>	
13.1	It was AGREED to note that all issues had been covered, so no update was needed.	All to note
14.	<u>Any Other Business</u>	
	a) <u>Freeport</u>	
14.1	KS verbally reminded the Board of previous discussion on the potential opportunity for Freeport status. Initially, the government had seen these as being seaports, but East Midlands Airport had lobbied for its position to be recognised as ideal for an inland port.	
14.2	The D2N2 LEP had now taken this up as a regional issue and had been linked to the East Midlands Development Corporation.	
14.3	It was understood that there could be a government request for how "economic additionality" would be assessed to be identified.	
14.4	It was AGREED that the update be noted.	All to note
	b) <u>Massachusetts Institute of Technology Monitoring Programme</u>	
14.5	MR reported verbally that the LLEP was one of six successful bidders for participation in the Massachusetts Institute of Technology Monitoring Programme. If successful, approximately £20-25,000 funding would be received, which would be matched locally.	
14.6	It was AGREED that the update be noted.	All to note

Minute		Action
	c) <u>Away Day – 6th March 2020</u>	
14.7	KH encouraged all Directors to attend the Away Day on Friday 6 March 2020.	
14.8	KH advised that Board effectiveness would be considered on the Away Day, including how to get the most out of Board meetings. Suggestions of other things that could be considered were welcomed.	All
	d) <u>Peer Review</u>	
14.9	KH reported verbally that he had participated in a peer review with the Enterprise M3 LEP on 31 January 2020. This had been a useful experience, providing some interesting ideas, details of which would be circulated to Directors.	KH
14.10	It was AGREED that the report be noted.	All to note
	e) <u>Ground-Breaking Ceremony at Space Park</u>	
14.11	CB reported verbally that the Right Hon Chris Skidmore MP had visited Leicester for the ground-breaking ceremony for the Space Park and he had commented positively on the development, particularly noting how the LLEP had driven it forward.	All to note

Decision Paper

LLEP Operational Budget 2019/20 & 2020/21

1 PURPOSE OF REPORT

- 1.1 At the meeting on 6th August 2019, the Board reviewed and approved the 2019/20 and 2020/21 budget as part of the Finance Strategy paper. This report provides the final budget position for 2019/20 and a reviewed Operational Budget for the forthcoming financial year 2020/21.
- 1.2 This report is not intended to cover the two principal capital funds in 2020/21, being the Local Growth Fund, which has a total funding envelope of £126m, with an approved 2020/21 allocation of £17m; and the Growing Places Fund with a balance of just under £7m as at March 2020.

2 RECOMMENDATIONS

- 2.1 The LLEP Board is recommended to:
- i. Note the end of year financial position for 2019/20
 - ii. Approve the revised operational Budget for 2020/21
 - iii. Note the risks associated with the Budget for 2020/21

3 OPERATING BUDGET 2019/20

- 3.1 A forecast outturn position on the 2019/20 budget was reported to the Board on 3rd December 2019. Appendix 1 outlines the end of year position.
- 3.2 The end of year outturn for the LLEP operational budget in 2019/20 was a £271k surplus, some £356k higher than the £85k deficit forecasted in December.
- 3.3 The change is largely down to a smaller deficit on income than forecast and the delay in the production of the Local Industrial Strategy and associated activities. As expected, staffing underspent and there were additional Accountable Body charges.

4 OPERATING BUDGET 2020/21

- 4.1 The budget has been developed based on the best available information; as with any forecasts these are subject to change and will be updated appropriately. This budget has been revised since the original paper that was due to come to the Board in April.

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This is to reflect the changes in fees, interest and other income that have been affected by a lowering of the Bank of England Base rate. A breakdown of the budget is available in Appendix 2.

4.2 The headlines for the 2020/21 budget are as follows:

- Additional overall income for the LLEP from Government Grant and fees relating to interest income;
- Reduced GPF income assumed for 2020/21;
- Additional staff costs associated with positions that the LLEP has recruited to/will recruit to since the Financial Strategy was developed;
- Additional project/delivery costs associated with the extension of the Enterprise Advisor Network until March 2021.

4.3 The proposed budget is a deficit of £211k, to be funded from reserves. This is a reduction of £39k from the position that was presented to the Board in December 2019 when it was reported that that the 2020/21 operational budget may require £250k funding from reserves.

5. OPERATING BUDGET RISKS

5.1 Key risks associated with the Budget for 2020/21 are as follows:

- Risk of the Enterprise Zone funding income not being realised.
- Due to the nature of payments, the income from ERDF for the Business Gateway could be delayed, we have taken a prudent estimate of this income and will need to review this on a regular basis.
- Impact of the interest rate reduction on the forecast income from the capital funding held by the Accountable body for the LLEP. This will need to be regularly monitored and any impact reported to the Board in future reports.
- Risk to the funding from the management of the Local Growth Programme, calculations currently indicate that a potential £17k may not be realised should the full LGF income not be received and any of the projects from which the income is generated not be delivered due to the impact of COVID.
- Risk of a reduction in the Technical assistance income as the European Structural Investment Fund (ESIF) programme starts to wind down, this will need to be monitored regularly and reported to the LLEP management and Board.

6. RESERVES

6.1 The reserves in 2019/20 opened with a balance of £1.758m and increased by £271k based on the outturn position for 2019/20 bringing the opening balance to £2.029m for 2020/21.

6.2 The current forecast for the end of year reserve in 2020/21 is £1.818m based on a deficit budget of £211k. The deficit can be managed within the LLEP's reserves.

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- 6.3 The Board will recall that the Finance Strategy stated that £1.4m of reserves could be accounted for by potential staff redundancy costs, pension liabilities, tax liabilities consequent upon incorporation and income received in advance. This calculation has not been revisited for 2020/21, although the fundamental principles remain. This is not to say, however, that reserves must necessarily be maintained at this level, and indeed the Board has previously wished to consider how they could be used.
- 6.4 The Board may for example wish to consider any one-off or development work that could be financed from reserves, including Covid19 recovery which is referred to in the Growing Places Fund report elsewhere on the agenda. This could be the subject of a further report.

7. FINANCIAL IMPLICATIONS

- 7.1 This report is concerned with financial implications throughout.

Summary of appendices:

Appendix 1 - LLEP Operating budget 2019/2020

Appendix 2 - LLEP Operating budget 2020/2021

For further information please contact:

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Operational Budget 2019/20 - OUTTURN

1.0 OPERATING BUDGET 2019/20

The year-end position for 2019/20 is a surplus of £271k. The position is detailed in the table below, followed by a series of detailed bullet points explaining the variances from the budget and other key matters.

	2019/20 Budget (£)	2019/20 Year end position (£)	Variance Overspend / (Underspend)
Income			
Grants (core funding and capacity building)	700,000	700,000	-
Local Authority Contributions (Business Rates Pool)	250,000	280,000	(30,000)
National & Local Project Income	945,000	741,000	204,000
Fees, Interest & Other Income	505,000	518,000	(13,000)
Total Income	2,400,000	2,239,000	161,000
Expenditure			
Staffing	946,000	848,000	(98,000)
Running Costs	479,000	326,000	(153,000)
Accountable Body Costs	135,000	179,000	44,000
Project Delivery Costs	813,000	615,000	(198,000)
Total Expenditure	2,373,000	1,968,000	(405,000)
Net Surplus / (Deficit)	27,000	271,000	
Reserves at start of year	1,758,000	1,758,000	
Reserves at end of year	1,785,500	2,029,000	

1.1 INCOME

There was a reduction in overall income of £161k compared to budget as some delivery programmes have slipped. In terms of National and local programme income (including the Careers and Enterprise Company (CEC), Business Gateway Growth Hub, Enterprise Zones and ESIF), an end of year variance of of £204k arose due to:

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- £100k income not received from Enterprise Zone
- Growth Hub income of £100k moved into future years
- A slight reduction in Technical Assistance funding

It is important for the Board to note that not all this income is lost income and the funding for the Growth Hub and the Enterprise Zone is expected to be realised in 2020/21.

1.2 EXPENDITURE

- Staffing – savings of £98k arose due to staff vacancies in the year, including the Economic Strategy Manager- Skills. Furthermore, there have been delays in the recruitment of other posts which have now mainly been filled.
- Running Costs – £153k underspend mainly due to a delay in the production of the Local Industrial Strategy and associated activities e.g. video production, copy writing, printing etc. Furthermore, events have not taken place or have been undertaken at reduced cost.
- Accountable Body Costs – An overspend of £44k arose due to the LLEP now making a re-assessed contribution for ICT costs and an increase in other service costs in line with inflation.
- Programme Delivery – Underspend of £198k, of which £63k is due to vacant posts throughout the year, with all now being filled. The income deferral for the Careers and Enterprise Activity and the Business Gateway accounts for the additional variance of £100k. (i.e. income and expenditure both slipped into 2020/21).

Operational Budget 2020/21

1 OPERATING BUDGET 2020/21

The budget has been developed based on the best available information. As with any forecasts these are subject to change and will be updated appropriately. A breakdown of the budget is shown below and detailed project information is provided along with an explanation for the variance from the position originally presented in the Financial Strategy.

	2020/21 Finance Strategy (£)	2020/21 Proposed Budget (£)
Income		
Grants (core funding and capacity building)	500,000	575,000
Local Authority Contributions (Business Rates Pool)	250,000	250,000
National & Local Project Income	854,000	1,226,000
Fees, Interest & Other Income	498,000	512,000
Total Income	2,102,000	2,563,000
Expenditure		
Staffing	964,000	1,036,000
Running Costs	303,000	368,000
Leicester City Council – support services and Accountable Body	135,000	185,000
Project Delivery Costs	630,100	1,185,000
Total Expenditure	2,032,100	2,774,000
Net Surplus / (Deficit)	69,900	(211,000)
Actual Reserves at start of year		2,029,000
Estimated reserves at end of year		1,818,000

The main assumptions and variances are as follows:

1.1 INCOME

There is an additional £75k from Government sources for 2020/21 for the Skills Advisory Panel work.

National and Local Project Income has increased to include additional funding for the Enterprise Advisor Network. The Financial strategy assumed an income until September 2020 from the Careers and Enterprise Company; we have been advised that there will be funding in place until September 2021 and therefore a full year's income has now been incorporated into the budget. The Department for Business, Energy & Industrial Strategy (BEIS) has written to the LLEP to advise that the Business Gateway Growth Hub can expect to receive an additional £331,500, which has been incorporated within the figures shown.

Fees, Interest & Other Income include the agreed 2.5% management fee to cover the cost of running programmes such as Local Growth Fund and Business Rates Pool. These figures also include interest generated through the capital receipts held by the Accountable Body and interest received through the repayment of the Growing Places Fund (GPF) loan scheme.

1.2 EXPENDITURE

The staffing costs cover a core team of 17.6 members, including on-costs and ancillary expenses. There are currently 11 team members funded through Project /delivery costs. Staff costs have increased by £72k, this is largely explained by the additional posts that have been or will be recruited to - these are the Economic and Intelligence and a Policy Post which will support the development of the Local industrial Strategy and Economic Intelligence work. The Financial Strategy did not account for the Senior Officer for the Local Growth fund that was a substantive position and this post has now been recruited to and included in the staff costs for 2020/21.

Running costs have increased by £65k this is largely due to:

- Increased marketing costs associated with the new website that the LLEP has procured and is in the process of development.
- Programme wide evaluations.
- Further commissions are in the pipeline to develop the evidence base for the LIS/future economic strategy for Leicester and Leicestershire including the potential £30k MIT Programme. In addition, there will be a proposal to refresh the sector plans with a specific focus on the priority sectors in the LIS.

The Accountable body costs have risen by £50k, mainly due to a £40k additional ICT support cost to the LLEP, that is now charged due to incorporation.

The Programme Delivery costs are up by £555k, assumptions and variance from the Financial Strategy can be explained as follows

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- Increased costs associated with the delivery of the Careers and Enterprise Company throughout 2020/21, accounting for £177k
- The additional funds of £331k allocated to the Business Gateway from BEIS, that must be spent in the year allocated.

1.4 CORE COSTS

2020/21(£)	
National Grants	575,000
Contributions	250,000
Fees	512,000
Total Income	1,337,000
Staffing	1,036,000
Marketing & Advertising	69,000
Running Costs	299,000
Leicester City Council – support services and Accountable Body	185,000
Total Expenditure	1,589,000

1.5 PROJECT EXPENDITURE

Careers and Enterprise Company

The purpose of the local Enterprise Advisor Network (EAN) is to create powerful, lasting connections between local businesses, schools and colleges in the area. Enterprise Advisors are volunteers who work directly with the leadership of individual schools and colleges, helping these institutions to develop effective employer engagement plans. The network of Enterprise Advisors (EA) is supported by a team of Enterprise Coordinators who effectively bring the network of schools, colleges and EA's together recruiting, matching and facilitating the effective relationship between the partners to simplify and stimulate more employer engagement with education.

The programme is part-funded by the Careers and Enterprise Company (CEC), an employer led organisation set up by Government to inspire and prepare young people for the fast-changing world of work. The CEC has provided the LLEP with a Funding Agreement up to August 2020 with a further commitment being provided for funding up to August 2021

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(since the project works to academic years). The remaining funding is sourced locally through bids to the Business Rates Pool and other sponsorships.

The next table provides an indicative project spend profile over the next year.

2020/21(£)	
National Grants (CEC)	120,000
Local Contributions (BRP)	100,000
Sponsorship	10,000
Total Income	230,000
Staffing	265,500
Marketing & Advertising	2,500
Running Costs	22,000
Total Expenditure	290,000

The figures are based on the existing team structure of a Careers Hub Manager and four Enterprise Coordinators providing 100% coverage of all eligible schools and colleges across Leicester and Leicestershire for the full year.

The development of the project will be carefully monitored by the LLEP Management Team to ensure that if the bids are not successful the project is scaled to ensure the appropriate delivery structure based on the funding available.

1.6 LLEP Business Gateway Growth Hub

The LLEP Business Gateway is the Growth Hub for Leicester and Leicestershire. Growth Hubs are Government initiatives which were set up to simplify access to business support, to inspire enterprise and drive economic growth. There are 38 Growth hubs covering the whole of the UK.

The Growth Hub is a single point of access across Leicester and Leicestershire, to which businesses and support providers can turn when they have a business need that they do not know how to meet. It is the single point of access for all national and local schemes working with a broad network of providers from the public and private sector, to encourage the take-up of business support and help maximise the growth potential of our businesses.

The Business Gateway offers information, advice and guidance through a variety of platforms including website, telephone and intensive one to one support via a small team of specialist

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advisors. In addition, the Growth Hub runs a varied and engaging programme of events including workshops and masterclasses on specific business topics ranging from access to finance, recruitment, innovation and marketing. The Growth hub has been an important part of the infrastructure in gathering intelligence to feed direct to Government on the Brexit and COVID19 issues affecting the local economy and business community.

The table below provides an indicative project spend profile over the next year:

	2020/21 (£)
National Grants (BEIS & ERDF)	731,300
Local Contributions (BRP)	30,000
Total Income	761,300
Staffing	200,800
Marketing & Advertising	72,200
Running Costs	515,600
Total Expenditure	788,600

Growth Hubs receive an annual allocation of funding from the Department for Business, Energy & Industrial Strategy (BEIS), supplemented by European Regional Development Fund (ERDF) Funding. In addition, the Growth Hub network have received additional funding from BEIS for the year 2020/21. For LLEP area this amounts to an additional £331k; the guidance has not yet been issued but it is anticipated that the support will all need to be directed towards recovery and resilience support for Businesses.

Since 2015 the Business Gateway has been in receipt of ERDF funding. This funding was secured as part of a collaborative partnership with Leicester City Council and others. This will change the scope of the service, enhancing it to meet current business demand and drive productivity and business to scale up.

1.7 Enterprise Zones

Enterprise Zones are a 25-year designation for a specific site in which 100% of rates uplift above a baseline is kept by the local area to fund future economic growth. Zones are exempt from the normal Government rules that allow retention of business rates growth only until the next "reset" date. Given that rates growth retention is guaranteed for a period of 25 years, this provides a financing tool to support prudential borrowing to accelerate the development of the sites as well as supporting other economic priorities. Businesses within the zones can also benefit from up to five years of rates relief and simplified planning.

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There are two EZs in the LLEP area, namely MIRA Technology Park Enterprise Zone and the newer Loughborough and Leicester Science and Innovation Enterprise Zone. Up to and including 2018/19, the investment supported by Business Rates uplift generated / expected to be generated from the EZ's totalled over £1m.

We will work with partners to strengthen the capture of performance data to monitor the impact of our interventions, and highlight opportunities for further activities to facilitate continued development

The table below provides an indicative project spend profile on EZ development over the next year, it does not include any infrastructure investment that may be agreed:

	2020/21 (£)
LLEP reserves / business rates uplift	100,000
Total Income	100,000
Staffing	96,400
Running Costs	10,000
Total Expenditure	106,400

The identified revenue income is an annual £100,000 from the business rates uplift which is expected to be made available to the LLEP to manage the programme with the sites and government. The availability of this funding is dependent on the Business Rates Agreement with the Billing Authorities being concluded. This funding is underwritten from LLEP reserves.

1.8 European Structural and Investment Funds (ESIF) Technical Assistance

European Structural and Investment Funds (ESIF) are the European Union's main source of funding for supporting growth and jobs across EU member states. ESIF is composed of three main programmes that combined provide around £6 billion of support over the 2014 to 2020 period.

Like all LEPs, we have been provided with a notional allocation of around £112 million of European Regional Development Fund (ERDF), European Social Fund (ESF) and European Agricultural Fund for Rural Development (EAFRD).

Through our ERDF and ESF Technical Assistance projects, we will continue to develop and promote call specifications and encourage and support the submission of applications to the ESIF programme. The LLEP will also work with ERDF and ESF project providers to coordinate

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the delivery of local European funded activity through the organisation of quarterly provider forums.

The table below provides an indicative project income profile over the next year. Note that no direct expenditure is shown, as staffing and other costs are part of the LLEP operating budget:

2020/21 (£)	
ERDF	65,000
ESF	70,000
Total Income	135,000

Decision

Accountable Body Service Level Agreement (SLA)

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek the board's agreement to:
- i. Formally enter into a legal relationship with Leicester City Council for the provision of Accountable Body services.

2. RECOMMENDATIONS

- 2.1 The LLEP Board is recommended to:
- i. note the roles and responsibilities of each party
 - ii. agree to the entering into of the Accountable Body Agreement between Leicester City Council and Leicester and Leicestershire Enterprise Partnership Ltd

3. BACKGROUND INFORMATION

- 3.1. Following the Strengthened LEPs policy document, a revised National Assurance Framework (NAF) was issued in January 2019. The NAF sets out clear expectations on the role of the Accountable Body and that a formal written statement should be agreed and published, ensuring that there are clearly defined roles and relationships.
- 3.2. Although the exact relationship is for the LLEP and the Accountable body to decide, there was a clear expectation that the Accountable Body is responsible for overseeing the proper administration of financial affairs within the LEP when these affairs relate to public funds.

4. ROLES AND RESPONSIBILITIES

- 4.1 The Accountable Body will establish and maintain a financial system, receive funding on behalf of the LLEP, and be responsible for its proper administration, whilst ensuring funding is used appropriately and in accordance with the law, good financial management and any applicable grant conditions. This is in line with the CIPFA Guidelines, on the roles of Accountable Bodies and LEPs.

- 4.2 In addition, the Accountable Body will ensure the decisions and activities of the LLEP conform with legal requirements, the Local Assurance Framework and the National Assurance Framework. Liability, the Council will indemnify the LLEP against all liabilities, costs, expenses, damages and losses incurred by the LLEP arising directly from the Council's negligent performance of the Agreement. FOIA and Data Protection, recognises that both parties are liable, and will mutually support each other in the event of a request.
- 4.3 Termination, the agreement allows for each party to give six months written notice of termination. As well as allowing immediate cessation of the agreement based on three grounds
- i. either party commits a material breach the Agreement and as such the breach is irremediable or (if such breach is remediable) fails to remedy that breach within a period of 30 days after being notified in writing to do so;
 - ii. the other party repeatedly breaches any of the terms of this Agreement in such a manner as to reasonably justify the opinion that its conduct is inconsistent with it having the intention or ability to give effect to the terms of this Agreement;
 - iii. the other party suspends or ceases, or threatens to suspend or cease, carrying on all or a substantial part of its business.
- 4.4 In addition to the termination clause the agreements sets out the consequences of Termination and the expectations around the LLEP funding streams. The agreement also sets out the dispute resolution process, this mirrors the process in the service level agreement with Leicester City Council.

Summary of appendices:

Appendix 1 - Accountable Body Agreement

For further information please contact:

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Dated

2020

(1) Leicester and Leicestershire Enterprise Partnership

(2) Leicester City Council

Accountable Body Agreement

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Date:

Parties

- (1) **Leicester and Leicestershire Enterprise Partnership** incorporated and registered in England and Wales with company number 11932434 whose registered office is at 23 Halford Street, Leicester, United Kingdom, LE1 1JA (the **LEP**);
- (2) **Leicester City Council** whose principal place of business is City Hall, 115 Charles Street, Leicester, LE1 1FZ (the **Council**)

Introduction

- A The Leicester and Leicestershire Enterprise Partnership (LEP) was formed in May 2011 as an unincorporated association. The LEP is a strategic body led by a LEP Board made up of local government and business leaders as well as senior education and third sector representatives.
- B The LEP's remit is to drive forward regeneration and growth of the local economy through its investments, influence and activities ensure positive outcomes for the local economy by:
 - a. Strategy: Developing an evidence-based Local Industrial Strategy (or any other such successor document that the Government requires LEP's to develop and adopt from time to time) that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across the area;
 - b. Allocation of funds: Identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy;
 - c. Co-ordination: Using their convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors; and
 - d. Advocacy: Collaborating with a wide-range of local partners to act as an informed and independent voice for their area
- C In April 2019 following the Strengthened Local Enterprise Partnerships policy document Leicester and Leicestershire Enterprise Partnership incorporated into a limited company.
- D As a limited company, the Council shall now act as the accountable body for the LEP in accordance with this Agreement and the relevant guidance. The role of Accountable Body is one of administration and management to implement the decisions and directions of the LEP and does not include the commercial or economic review of any decision or direction of the LEP.

Agreed terms

1 Definitions

- 1.1 **Accountable Body** means the Council;

- 1.2 **Agreement** means this agreement and any schedules or annexes to this;
- 1.3 **Articles of Association** means the LEP's articles of association as adopted by the LEP from time to time;
- 1.4 **Authorised Representatives** means both the LEP Representative and the Council Representative;
- 1.5 **CIPFA** means the Chartered Institute of Public Finance and Accountancy;
- 1.6 **Council Representative** means Alison Greenhill;
- 1.7 **Dispute** means any dispute notified to the other party as a Dispute and resolved in accordance with clause 11 of this Agreement;
- 1.8 **Funding** means any funding applied for by, or granted to, the LEP (including to the Accountable Body on its behalf) for the purposes of furthering its objectives, including Growth Fund and central government monies, together with any repayments made by the recipients of grants or loans given by the LEP Board (or its unincorporated predecessor);
- 1.9 **Governance** has the meaning given in clause 3;
- 1.10 **Grant** means a grant authorised by the LEP Board to be paid out of the Funding;
- 1.11 **LEP Board** means the board of individuals appointed as directors of the LEP in accordance with the Articles of Association;
- 1.12 **LEP Representative** means the Chief Executive Officer of the LEP from time to time;
- 1.13 **Loan** means a loan authorised by the LEP Board to be paid out of the Funding;
- 1.14 **Local Assurance Framework** means the assurance framework agreed between the parties and published on the LEP's website as updated from time to time;
- 1.15 **National Assurance Framework** means the Local Enterprise Partnership National Assurance Framework as published by the Department for Communities and Local Government in January 2019, as updated or replaced;
- 1.16 **S151 officer** means the officer appointed by the Council for the proper administration of its financial affairs under s151 of the Local Government Act 1972;
- 1.17 **Service Level Agreement** means the agreement for the provision of services by the Council to the LEP dated 8 January 2020;
- 1.18 **Support** means any Grant or Loan; and
- 1.19 **Termination Date** means the date on which this agreement terminates, expires or ends for any reason.

2 Commencement and Duration

2.1 This Agreement shall come in to force on that date of this Agreement and shall terminate when Leicester City Council ceases to be the Accountable Body for any reason.

3 Governance

3.1 The Parties agree to adhere to the overarching governance structure set out in this Agreement and in the Local Assurance Framework and National Assurance Framework and the Articles of Association.

4 Roles and Responsibilities

4.1 LEP Responsibilities

4.1.1 The LEP shall:

- (a) Bid for funding, including central government funding, appropriate to the aims of the LEP;
- (b) Evaluate and determine applications for Support in accordance with the Governance, including undertaking the appropriate due diligence;
- (c) Instruct the Council to make Support payments as authorised by the LEP Board;
- (d) Monitor the progress of scheme delivery and spend of Support given;
- (e) Use reasonable endeavours to ensure the on-time delivery of schemes and the repayment of Loans;
- (f) Monitor the income and expenditure of Funding; and
- (g) Have regard to CIPFA guidance on the role of s151 officers in accountable bodies working with LEPs.

4.2 Council Responsibilities

4.2.1 The Council shall act as the Accountable Body in accordance with this Agreement and as Accountable Body shall:

- (a) Establish and maintain a financial system to account for all Funding received and disbursed on behalf of the LEP;
- (b) Receive Funding on behalf of the LEP and be responsible for its proper administration;
- (c) Comply with all instructions of the LEP Board or the LEP Representative except where the instruction is:
 - (i) Contrary to the Local Assurance Frameworks;

- (ii) Inconsistent with the principles of probity or sound financial practice;
 - (iii) In breach of applicable funding terms;
 - (iv) Inconsistent with public law principles;
 - (v) Against the public interest;
 - (vi) Likely to bring the Council and/or LLEP into disrepute; or
 - (vii) Illegal;
- (d) Ensure, through the Section 151 Officer, that Funding is used appropriately in accordance with the law, good financial management and any applicable grant conditions.
 - (e) Ensure the decisions and activities of the LEP conform with legal requirements, the Local Assurance Framework and the National Assurance Framework;
 - (f) Ensure that the Council's decisions and activities conform with legal requirements, the Local Assurance Framework and the National Assurance Framework;
 - (g) Issue offer letters and enter in to agreements for Support with recipients as authorised by the LEP Board, on behalf of the LEP;
 - (h) Not use the Funding for its own purposes without the consent of the LEP Board or LEP Representative;
 - (i) Make payments pursuant to eligible Grant claim submissions and correct authorisation processes;
 - (j) Ensure all required information on expenditure, activities, outputs and outcomes are properly recorded and reported to the LEP upon the LEP's request;
 - (k) Arrange insurance cover in respect of its liabilities under this Agreement and provide to the LEP on request evidence that insurance cover or appropriate self-insuring arrangements are in place; and
 - (l) Have regard to CIPFA guidance on the role of s151 officers in accountable bodies working with LEPs.

4.2.2 Where, under clause 4.2.1(d), 4.2.1(e) and 4.2.1(f) the Council believes the LEP is not acting in accordance with this Agreement, the Council shall notify the LEP of this and raise this as a Dispute to be resolved in accordance with clause 11.

4.2.3 In addition to acting as Accountable Body the Council shall:

- (a) Ensure that where it has a role as a project sponsor, project partner, highways authority or delivery body, there is a clear separation of such functions from its role as Accountable Body and all decisions to release funding shall remain subject to the LEP Board or LEP Representative's approval;
- (b) Subject to payment by the LEP, shall provide the services under the Service Level Agreement in accordance with the terms of that agreement.

5 Local Assurance Framework

- 5.1 The Parties shall work together to regularly review and refine the Local assurance Framework to ensure it remains appropriate and compliant with applicable guidance and laws.

6 Liability

- 6.1 Subject to clause 6.2, the Council shall indemnify and keep indemnified the LEP against all liabilities, costs, expenses, damages and losses incurred by the LEP arising directly out of or in connection with:
 - 6.1.1 the Council's breach or negligent performance of non-performance of this Agreement;
 - 6.1.2 any claim made against the LEP arising out of or in connection with the provision of the Council responsibilities, to the extent that such claim arises wholly out of the breach, negligent performance of failure or delay in performance of this agreement by the Council; or
 - 6.1.3 the enforcement of this agreement.
- 6.2 The indemnity under clause 6.1 shall apply except insofar as the liabilities, costs expenses, damages and losses incurred by the LEP are directly caused (or directly arise) from:
 - 6.2.1 the negligence or breach of this agreement by the LEP; or
 - 6.2.2 instructions given by the LEPs or the LEP Representative.
- 6.3 The LEP shall indemnify and keep indemnified the Council against all liabilities, costs, expenses, damages and losses incurred by the Council our of or in connection with:
 - 6.2.1 the LEP's breach or negligent performance of non-performance of this Agreement;
 - 6.2.2 any claim made against the Council arising out of or in connection with the provision of the LEP's responsibilities and decision making, to the extent that such claim arises out of the breach, negligent performance of failure or delay in performance of this agreement or any decision making by the LEP; or

- 6.2.3 the enforcement of this agreement; or
- 6.2.4 all claims against the Council arising out of its carrying out of an instruction as issued by the LEP.

7 Confidentiality and Freedom of Information

- 7.1 The parties recognise that they are subject to legal duties which may require the release of information under the FOIA or any other applicable legislation governing access to information, and that they may be under an obligation to provide information to third parties on request. Such information may include matters relating to or arising out of this Agreement.
- 7.2 Each party will assist the other to enable it to comply with its obligations. In the event that either party receives a request for information under the FOIA or any other applicable legislation governing access to information and requests the other party's assistance in obtaining the information that is the subject of such request or otherwise, the parties will respond to any such request for assistance at its own cost and promptly, and in any event within 5 days.

8 Data Protection

- 8.1 "**Data Protection Laws**" means any applicable law relating to the processing, privacy and use of Personal Data, as applicable to either Party or the Services, including the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"), the Data Protection Act 2018 and any laws that replace, extend, re-enact, consolidate or amend any of the foregoing.
- 8.2 The words and phrases "Processing", "Personal Data", "Personal Data Breach", "Data Subject", "Controller" and "Processor" used in this clause or elsewhere shall have the meaning as defined in the Data Protection Laws.
- 8.3 The Parties agree that they are each a Controller in relation to the Personal Data they Process pursuant to this Agreement.
- 8.4 Each Party shall comply with their obligations under the Data Protection Laws in relation to Processing of Personal Data pursuant to this Agreement.
- 8.5 Each Party agrees that they shall not do or omit to do anything which would cause the other Party to be in breach of its obligations under the Data Protection Laws.
- 8.6 The Party who deals directly with the Data Subject shall be responsible for obtaining any necessary consents for Processing and for providing the Data Subject with the information required by Articles 13 and 14 of the GDPR including the transfer of data between Parties and the purposes for which the Personal Data will be Processed.
- 8.7 If either Party determines that it is to make a report or notification to the ICO or any other person in relation to the Processing of Personal Data under this Agreement (the "**Reporting Party**"), the Reporting Party shall inform

the other Party, and provide all known details of the proposed report unless prohibited by law.

- 8.8 If either Party receives any request from a Data Subject exercising or purporting to exercise their rights under the Data Protection Laws, the Receiving Party shall notify the other Party of the request and provide the other Party with any information reasonably requested unless prohibited by law.
- 8.9 The Parties shall provide each other with any cooperation or information reasonably required in relation to investigating or complying with requirements relating to the Data Protection Laws.

9 Termination

- 9.1 Without affecting any other right or remedy available to it, either party may terminate this Agreement with immediate effect by giving one notice to the other party if:
 - 9.1.1 the other party commits a material breach of any term of this Agreement which breach is irremediable or (if such breach is remediable) fails to remedy that breach within a period of 30 days after being notified in writing to do so;
 - 9.1.2 the other party repeatedly breaches any of the terms of this Agreement in such a manner as to reasonably justify the opinion that its conduct is inconsistent with it having the intention or ability to give effect to the terms of this Agreement; or
 - 9.1.3 the other party suspends or ceases, or threatens to suspend or cease, carrying on all or a substantial part of its business.
- 9.2 Without affecting any other right or remedy available to it, either party may terminate this Agreement on giving not less than 6 months' written notice to the other party.

10 Consequences of Termination

- 10.1 On the Termination Date, where a new organisation will become the Accountable Body then the Council shall to the extent it is legally able to do so:
 - 10.1.1 Provide to the incoming organisation all information on the Funding income and expenditure including forecast income and expenditure;
 - 10.1.2 Provide the incoming organisation with all details of Loan repayments to be made to the new organisation;
 - 10.1.3 Notify all Loan recipients of the details of the new organisation to whom Loan repayments must be made;
 - 10.1.4 Provide the incoming organisation with all details of grant payments to be made by the new organisation;

- 10.1.5 Transfer all monies, assets, equipment, materials, property and contracts held by the Council on behalf of the LEP to the new organisation.
- 10.2 On the Termination Date, where the LEP will cease to operate, the Council shall provide all necessary support to ensure the LEP is properly managed and wound up.
- 10.3 On the Termination Date, each Party shall return to the other all documents and materials (and any copies) containing the other Party's confidential information and, to the extent possible, erase any such confidential information from its computer systems.

11 Dispute resolution

- 11.1 If a dispute arises out of or in connection with this Agreement or the performance, validity or enforceability of it (Dispute) then the Parties shall follow the procedure set out in this clause:
 - 11.1.1 either party shall give to the other written notice of the Dispute, setting out its nature and full particulars (Dispute Notice), together with relevant supporting documents. On service of the Dispute Notice, the Principal Accountant of the Council and Contract and Finance Manager of the LEP shall attempt in good faith to resolve the Dispute;
 - 11.1.2 if the Principal Accountant of The Council and Contract and Finance Manager of the LEP are for any reason unable to resolve the Dispute within 14 days of service of the Dispute Notice, the Dispute shall be referred to the Head of Finance of the Council and Chief Executive of the LEP who shall attempt in good faith to resolve it; and
 - 11.1.3 if the Head of Finance of the Council and Chief Executive of the LEP are for any reason unable to resolve the Dispute within 14 days of it being referred to them, the Dispute shall be referred to the Chief Operating Officer of the Council and the LEP Chair; and
 - 11.1.4 if the Chief Operating Officer of the Council and the LEP Chair are for any reason unable to resolve the Dispute within 14 days of it being referred to them, the parties will attempt to settle it by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed between the parties, the mediator shall be nominated by CEDR Solve. To initiate the mediation, a party must serve notice in writing (ADR notice) to the other party to the Dispute, requesting a mediation. A copy of the ADR notice should be sent to CEDR Solve. The mediation will start not later than 28 days after the date of the ADR notice.
- 11.2 The commencement of mediation shall not prevent the parties commencing or continuing court proceedings in relation to the Dispute under clause 14 which shall apply at all times.
- 11.3 If the Dispute is not resolved within 14 days after service of the ADR notice, or either party fails to participate or to continue to participate in the

mediation before the expiration of the said period of 14 days, or the mediation terminates before the expiration of the said period of 14 days, the Dispute shall be finally resolved by the courts of England and Wales in accordance with clause 14 of this Agreement.

12 General

12.1 The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement

12.2 No variation of this Agreement shall be effective unless it is in writing and signed by Authorised Representatives of each party.

Entire Agreement

12.3 This Agreement, with the Service Level Agreement and the other documents referenced in this Agreement, forms the entire agreement between the parties. The Parties confirm that they have not entered in to this Agreement on the basis of any representation that is not expressly incorporated in to this Agreement.

12.4 This Agreement shall not constitute or imply any partnership, joint venture, agency or other relationship between the Parties other than the contractual relationship provided for in this Agreement.

12.5 Except as set out in clause 4.2.1(g) neither Party shall have, nor represent that it has, any authority to make any commitments on the other Party's behalf.

12.6 Neither party shall assign, transfer, novate or otherwise transfer any of its benefits, rights, obligations or burdens under this Agreement without the prior written consent of the other Party.

13 Governing law

This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

14 Jurisdiction

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this deed or its subject matter or formation.

This agreement has been entered into as a deed on the date stated at the beginning of it.

Executed as deed by Leicester and Leicestershire Enterprise Partnership acting by two directors:

Name of First Director:

.....

Signature of First Director:

.....

Name of Second Director:

.....

Signature of Second Director:

.....

Executed as deed by Leicester City Council in the presence of an authorised signatory

.....

Authorised Signatory

Annex 1

Finance

Services Provided

- Accounts Payable and Receivable
- Financial Accounting
- Management Accounting
- Budget Planning, jointly with the LLEP
- Financial Advice
- Treasury Management and Borrowing
- Cash Management and Banking (including crediting quarterly interest earned)
- Taxation Advice
- Budget Monitoring (including quarterly financial reports to relevant Boards)
- Credit Checks on Funding Applicants
- Submission and approval of Grant Claims to relevant bodies

More generally, in line with the CIPFA guidance for section 151 officers within accountable bodies, Leicester City Council will undertake the following:

- Ensure a consensus approach to joint-decision making, with the expectation of mutual support between the LLEP and Finance officers;
- Carry out such checks as are necessary to ensure the proper administration of financial affairs in the LLEP. Where there are concerns, these will be acted upon promptly by the LLEP;
- Ensure attendance of the s151 officer or senior representative at all Board Meetings and Board agenda setting meetings;
- Ensure that there are the correct, established financial processes in place leading up to Board decisions such that financial delegations are respected;
- Ensure that the LLEP has procedures in place to consider the financial implications of decisions before and during the decision-making process rather than reviewing decisions afterwards;
- Agree and approve the budget risks facing the LLEP at the outset of the financial year and review them on a frequent basis. The LLEP will provide the risk register on each occasion that it is revised;
- At the beginning of each financial year, the s151 officer will be entitled to comment on the adequacy of the budget plan, including the capital Programme and revenue commitments and projections;
- The LLEP and the s151 officer will agree an internal audit plan for the year that provides assurance to the Council and the LLEP. Finance will request periodic audits throughout the year, by either internal or external audit;
- Finance officers will meet monthly with LLEP officers to review resource needs, and to ensure that appropriate procedures are in place to underpin good governance with the LLEP;

- The Section 151 Officer will, as required by Government, sign-off an Annual Assurance Statement once satisfied, after undertaking checks and ensuring the LLEP has proper process and administration in place for financial affairs in line with the LAF.

Resources

The s151 officer will ensure that appropriate resources are allocated to carry out the above functions. Officer time involved in the provision of the services detailed above and associated activities of undertaking the functions of the accountable body are included. Specifically, the time of the following officers of the Council:

- s151 Officer
- Head of Finance
- Principal Accountant
- Accountant
- Other officer time as required

Annual Fee

Annual fee for all of the above:

- £40,100 based on the estimated allotted time below;
- plus additional fees to be determined for LLEP-specific audits (excluding grant claims).

	Proportion of Time	Total
Section 151 Officer	5%	£6,700
Lead Head of Finance	10%	£9,300
Principal Accountant	15%	£10,400
Accountant	10%	£5,200
Exchequer, Payroll and Systems Support		£5,000
Internal Audit (10 days at average rate)		£3,500
		£40,100

Fees to be reviewed annually based on pay inflation rates and any significant changes to workload and services provided Such variations to be agreed between the LLEP Chief Executive and the s151 officer.

Legal Services

The Council as Accountable Body will be supported on all matters relating to contracting, report comments, supporting the LEP Board meeting as required, enforcement of any contractual arrangements entered into on behalf of the LEP and state aid compliance for the annual sum of £57,500.

This sum includes the cost of providing LLEP-specific advice directly to the accountable body. Should the LEP require advice on matters in which there is no conflict with the interests of the LEP and the Council then the Board request more specific legal advice, for which additional fees would apply in line with the Council's scale of fees and charges for the provision of legal services to external bodies, detailed below and as updated from time to time.

	External 2020-21
City Barrister	£160.00
Head of Law	£140.00
Principal Lawyer	£120.00
Qualified Lawyer	£120.00
Legal Officer	£105.00
Trainee Solicitor	£85.00

LLEP BOARD OF DIRECTORS

2 JUNE 2020

Decision Report

ENTERPRISE ZONES INVESTMENT

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i. inform the board of the response to the outstanding matters on the appraisal of project business cases seeking Enterprise Zone Business Rates investment;
- ii. provide a progress update on the EZ steering groups and matters arising;
- iii. provide an update on the status of the Business Rates Legal Agreements;
- iv. reaffirm the next steps of the process.

2. RECOMMENDATION

2.1 The LLEP Board is recommended to:

- i. consider the response to the outstanding matters from the appraisal of the project business cases;
- ii. approve the recommendation to progress the EOI for Charnwood Campus to full Business Case;
- iii. note the work regarding the phasing of the LUSEP EZ investment;
- iv. note the position regarding the Business Rates Legal Agreements;
- v. note the next steps of the process.

3. BACKGROUND INFORMATION

3.1 There are two Enterprise Zones (EZ) in the LLEP area:

MIRA Technology Park (MTP) EZ - a single site located in Hinckley & Bosworth, which has been operational since 1st April 2012 and the extension since 1st April 2016. Hinckley & Bosworth Borough Council (HBBC) is the billing authority.

Loughborough and Leicester Science and Innovation EZ - three sites located within Leicester and Charnwood which has been operational since 1st April 2017. Leicester City Council and Charnwood Borough Council (CBC) are the billing authorities.

The Board will be aware that as it currently stands there is no business rates legal agreement in place for the Loughborough and Leicester Enterprise Zone and this poses a considerable risk to the LLEP and project sponsors.

- 3.2 EZ policy allows for local retention of 100% of the business rates uplift generated at an EZ site, accrued over a baseline, over a 25-year period. The principles for the retention and investment of the retained business rates will be set out in the Business Rates Legal Agreements between each of the EZ billing authorities (Leicester City Council, Charnwood Borough Council and Hinckley & Bosworth Borough Council), the LLEP and Leicester City Council as its Accountable Body.
- 3.3 Each Enterprise Zone site was requested to identify priority projects which will deliver the outputs of the EZ and act as a catalyst for future site development. The Loughborough and Leicester EZ site steering groups identified eight projects in total whilst the MIRA Technology Park EZ Investment Board identified a list of connected infrastructure projects.
- 3.4 The LLEP commissioned Cushman and Wakefield and Amion to undertake a Green Book appraisal of the MTP EZ projects and to recommend the most effective programme of interventions. The LLEP Board agreed the recommendation that investment in the full programme of projects represented the best value for money and that the proposal be supported subject to funding options being identified, including borrowing against future EZ business rates uplift and the finalisation of the Business Rates Legal Agreement with HBBC. At its meeting on 3rd December 2019 the Board reaffirmed this commitment.
- 3.5 Dow Schofield Watts were commissioned by the LLEP to undertake a Green Book appraisal of eight business cases, prioritised by the Loughborough and Leicester EZ site steering groups. An initial Project Appraisal Report was reviewed at the LLEP Board on 3rd December 2019 (Appendix 1). It was highlighted that additional information was required on all projects which would be requested for a more complete appraisal to be carried out. The Board agreed to approve all projects in principle with an updated appraisal report to be considered at the 4th February 2020 Board meeting.

4. PROJECT APPRAISAL – LOUGHBOROUGH AND LEICESTER EZ

- 4.1 At its February meeting the Board noted the updated appraisal report on the projects. It was highlighted that there were several remaining matters on each project requiring resolution prior to any funding being confirmed. For all projects this included confirmation of the requirements for reporting and monitoring, which will be resolved

during contracting, and a review of the business rates generation for the project/site, which is currently being reviewed by the Accountable body.

- 4.2 The additional remaining matters for each project have been resolved. In regard to the State Aid issues, whilst the LLEP has received responses advising that all project owners are satisfied that their projects are State Aid compliant these have not been tested and therefore it is recommended that the lending authorities still undertake their own due diligence in this matter.
- 4.3 The LLEP team will bring all projects to a future meeting of the Board for final agreement once there is clarity in relation to the Legal Agreements as per section 6 of this Report.

5. EZ STEERING GROUP MEETINGS AND EXPRESSION OF INTEREST

- 5.1 During April and early May all four steering groups of the EZ met. The steering groups reviewed the implementation plans, progress in relation to outputs and sought confirmation of the next steps for the project investments.
- 5.2 Charnwood Campus Management Ltd have identified a further project that they wish to be considered for the EZ Business Rates funding. The project is to support an inward investment enquiry recently received by the site. An Expression of Interest (EOI) and Logic Chain have been submitted for the project (Appendix 1). Based on the EOI, the funding requested is £3m which would increase their total funding ask to £19.2m and the percentage of the 25year rates forecast to 30%.
- 5.3 In line with the LAF, and the procedure undertaken by the original projects under consideration, this project was discussed at the Charnwood Campus Steering Group meeting in April and consideration given as to whether the project should be recommended to the Board for progression to Business Case stage.
- 5.4 The Steering Group recommendation is to agree to the progression of the Project to Full application. The Site owner and project applicant have indicated that they would prioritise this project over the previously submitted project, which would be reviewed in next 6 – 9 months. If the Board agree to progress the project to Business Case stage, a full external appraisal will be undertaken before any funding considerations are made. With an intention to review the appraisal outcome in July.
- 5.5 At the LUSEP steering group meeting there was discussion regarding the phasing of the investments being sought by Loughborough University. Loughborough University have undertaken a considerable amount of work to provide confidence in relation to

the EZ investment against the proposed Business Rate Generation. There is to be further discussion between the University, Charnwood Borough Council and the LLEP Senior team on this matter.

6. EZ RATES LEGAL AGREEMENTS

6.1 The principles for the retention and investment of the retained business rates will be set

out in the Business Rates Legal Agreements between each of the EZ billing authorities (Leicester City Council, Charnwood Borough Council and Hinckley & Bosworth Borough Council), the LLEP and Leicester City Council as its Accountable Body.

6.2 In February 2019 Board agreed that initially 85% of the rates (the total uplift minus the billing authority retention) would be utilised to repay any forward funding by local authority partners for EZ projects. Revised versions of the current agreement were returned and there are a number of issues that still need to be resolved.

6.3 Following a meeting between the representatives from Charnwood, Hinckley and Bosworth and the LLEP and accountable body on 12th May, it transpired that there had were still some unresolved issues in relation to the legal agreements. In order to resolve these a further meeting between the respective parties has been arranged for 2 June, the morning before the board meeting. The outcome from that meeting will be provided to board directors.

6.4 It is regrettable that it has taken a long time to conclude these agreements and investment in projects has been significantly delayed, considerable progress had been made in preparing draft agreements following positive meetings between representatives of the LLEP and the billing authorities. It was intended to present a final draft agreement to the board for approval, alongside funding agreements for some of the projects.

7. NEXT STAGE

7.1 The next stage of the process for investment is outlined below:

- i) Completion of the negotiations for the Business Rates Legal Agreements and ratification by the Board on 7 July 2020.
- ii) Presentation of the latest Business Rate forecasts for each site including investment modelling

- iii) Final approval of all projects for Loughborough and Leicester EZ
- iv) Following the above process, the local billing authority will be invited to advance funding to the LLEP's accountable body, Leicester City Council, for investment in projects. Should the opportunity be declined there will be an open call to invite a local authority partner(s) to invest in the prioritised project(s).
- v) If and when a local authority investor is identified, a financial due diligence process will be undertaken by the investing local authority(s) including the consideration of updated business rates forecasts and state aid compliance.
- vi) Once the due diligence and negotiations with investing local authority(s) have concluded, a legal agreement setting out the terms of the funding will be agreed and signed by all parties including the project sponsor, investor, the LLEP and Leicester City Council as accountable body.
- vii) Funding agreements will include a requirement for project sponsors to underwrite the investment to provide assurance to the investing local authority partner and to reduce risk.
- viii) A final decision report will be presented to the LLEP Board of Directors to approve the funding agreements.

Summary of appendices:

Appendix 1 – EOI Charnwood Campus

For further information please contact:

Mandip Rai
LLEP Chief Executive
Tel: 0116 4542911
E-mail: Mandip.raii@llep.org.uk

EXPRESSION OF INTEREST

Contact Details			
First Name	Gosia	Surname	Khrais
Contact Number	07980784528	Email Address	gosia.khrais@charnwoodcampus.com

Registered Legal Address Details			
Registered Legal Address Name	Charnwood Campus Management Limited		
Building Name	Bakewell Road		
Street	Bakewell Road		
Town or City	Loughborough		
County	Leicestershire	Postcode	LE11 5RD

Project Information	
Name of Project?	Charnwood Campus Medicinal and Synthetic Chemistry Services Research Centre
Local Authority Area	Charnwood
Summary of the Project	<p>Charnwood Campus would like to further develop Charnwood Life Sciences Opportunity Zone by attracting a research organisation that has ambitious plans to expand their operations, relocate to the right facilities with specialised equipment and laboratories, within an environment that supports life sciences sector. Charnwood Campus is a perfect fit though not the only option available.</p> <p>This project is yet another absolutely critical one to the future and the speed of development of the CC Enterprise Zone and delivery of EZ outputs. The investment into the project will help:</p> <ul style="list-style-type: none"> • promote scientific discoveries • drive medicinal research • help accelerate growth and drive long-term productivity • expand life sciences business cluster in the region • Charnwood Campus achieve EZ outputs • the LLEP meet its ambitious strategic plans to accelerate growth of the life sciences sector
Project Overview	<p>The project will address unmet market need for highly specialised facilities. It will also accelerate the growth of medicinal and synthetic chemistry services in the region and drive life-saving discoveries of tomorrow. Availability of these services is essential to the future of life sciences sector locally, in particular biological, pharmaceutical and chemical – this opportunity will help speed and solidify Loughborough and Leicestershire’s place amongst other scientific research and development centres. This project is just as important to the development of Charnwood Campus LSOZ as it is to the whole of Leicestershire – as an emerging region aspiring to grow its biochem, pharma and med-tech cluster.</p> <p>CC LSOZ Medicinal and Synthetic Chemistry Services Research Centre will offer the following provisions:</p> <ul style="list-style-type: none"> • offer services that will help grow and develop new medicinal molecules, life-saving drugs, • offer services that help forming the vertically integrates supply chain on the site <p>The project aims to:</p>

- bring 60 existing members of staff scattered round the region under one roof to improve productivity
- create 150 high value jobs within the first 12 months
- create another 150 high value jobs within further 2-3 years
- create 1,500 low value jobs in the supply chain (industry standard ratio 1:5)
- create 13,000sqm of highly specialised research chemistry labs
- generate £336,500 pa in business rates for the Enterprise Zone
- create 80 parking spaces with electric car charging points
- Support the development and growth of pharmaceutical, biotechnology, high-technology, medical technology businesses
- Build on local supply chain strengths that include talent pool, manufacturing facilities, distribution and logistics
- help develop thriving science cluster on a modern campus that supports health and wellbeing
- encourage cross-sector technology transfer
- encourage further inward investment
- Build on local strengths to ensure sustainable competitive advantage of the region
- Facilitate the following:
 - access to world class specialised facilities to prevent this CRO from relocation outside of our region
 - access to other established science businesses and shared experience in close proximity
 - collaborations with like-minded businesses
 - access to business support to accelerate growth

The market is not providing the assets and facilities required to retain the company in the region for a variety of reasons, including:

- High cost (a barrier for most developers) to provide:
 - sufficient floor space
 - high quality laboratories and small scale GMP facilities
 - specialist equipment and technologies
- break even period usually >10 years
- limited ability to secure investment
- high risk investment – low % of businesses will require this particular type of very niche facilities
- residential development opportunities are more attractive.

These issues have hindered the settlement and growth of the life sciences sector within the LLEP area and an average developer/investor is bound to default to low risk and quick return projects offered by residential developments or commercial office and manufacturing projects. This project is one of many efforts that Charnwood Campus is undertaking to address the issue.

Investment is needed to fully realise the potential afforded from the Enterprise Zone and LSOZ status and the great engagement started through the Taskforce.

Without positive action/engagement/investment, this opportunity to retain this research organisation in the region will be lost. Thus delaying/negatively impacting the full occupation of the campus which in turn will hinder the development of a local life sciences cluster, negatively impacting our ability to deliver the Enterprise Zone outputs.

Project Start Date	30/03/2020	Project End Date	21/12/2020
Funding Requested	Enterprise Zone	Legal Entity Status	Limited Company

Breakdown of Project Costs (£000s)

Total Project Revenue Costs	160,000	Total Project Capital Costs	3,000,000
Total Project Cost Forecast	53,466,155		

Breakdown of Funding Sought (£000s)

Total Capital Funding Sought	3,000,000	Total Revenue Funding Sought	
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What is the total amount of funding you are requesting?	3,306,155	What is the Total Match Funding that will be provided	50,160,000
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Decision

LLEP GOVERNANCE REVIEW

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i. Update the board on progress of the LLEP governance review;
- ii. Seek board comments on the proposed changes to the governance structure

2. RECOMMENDATIONS

2.1 The LLEP Board is recommended to:

- i. Note the progress of the LLEP Governance Review
- ii. Discuss the proposed changes to the governance structure

3. BACKGROUND INFORMATION

3.1 The board agreed the terms of reference for a review of the LLEP's governance structure at its meeting on 4 February, which included the formation of a Governance Review Group (GRG) comprising six board directors. At the away day on 6 March, board directors agreed to extend the invitation to attend the GRG meetings to all directors.

3.2 The first meeting of the GRG took place on 12 March. The group; considered the scope and objectives of the review; scrutinised the roles, responsibilities, membership and performance of the current groups; discussed options for the restructure of the current governance arrangements attached as Appendix 1.

3.3 Independent advice was provided by Enterprise M3 LEP who were partnered with the LLEP as part of the national peer review process. The board is recommended to discuss the proposed changes. If agreed the implementation process and timeframe will be presented at the next meeting of the board on 7 July.

Summary of appendices:

1. Review of the current governance structure and proposed changes

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For further information please contact:

Mandip Rai

LLEP Chief Executive

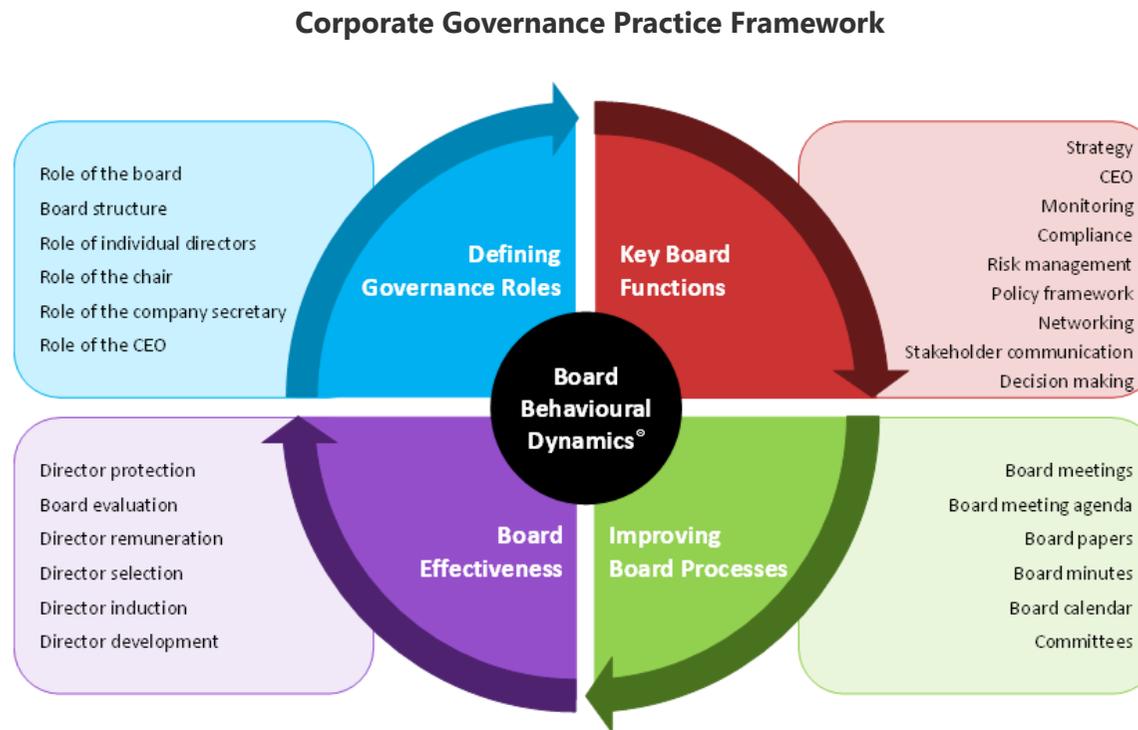
Tel: 0116 4542911

E-mail: Mandip.raii@llep.org.uk

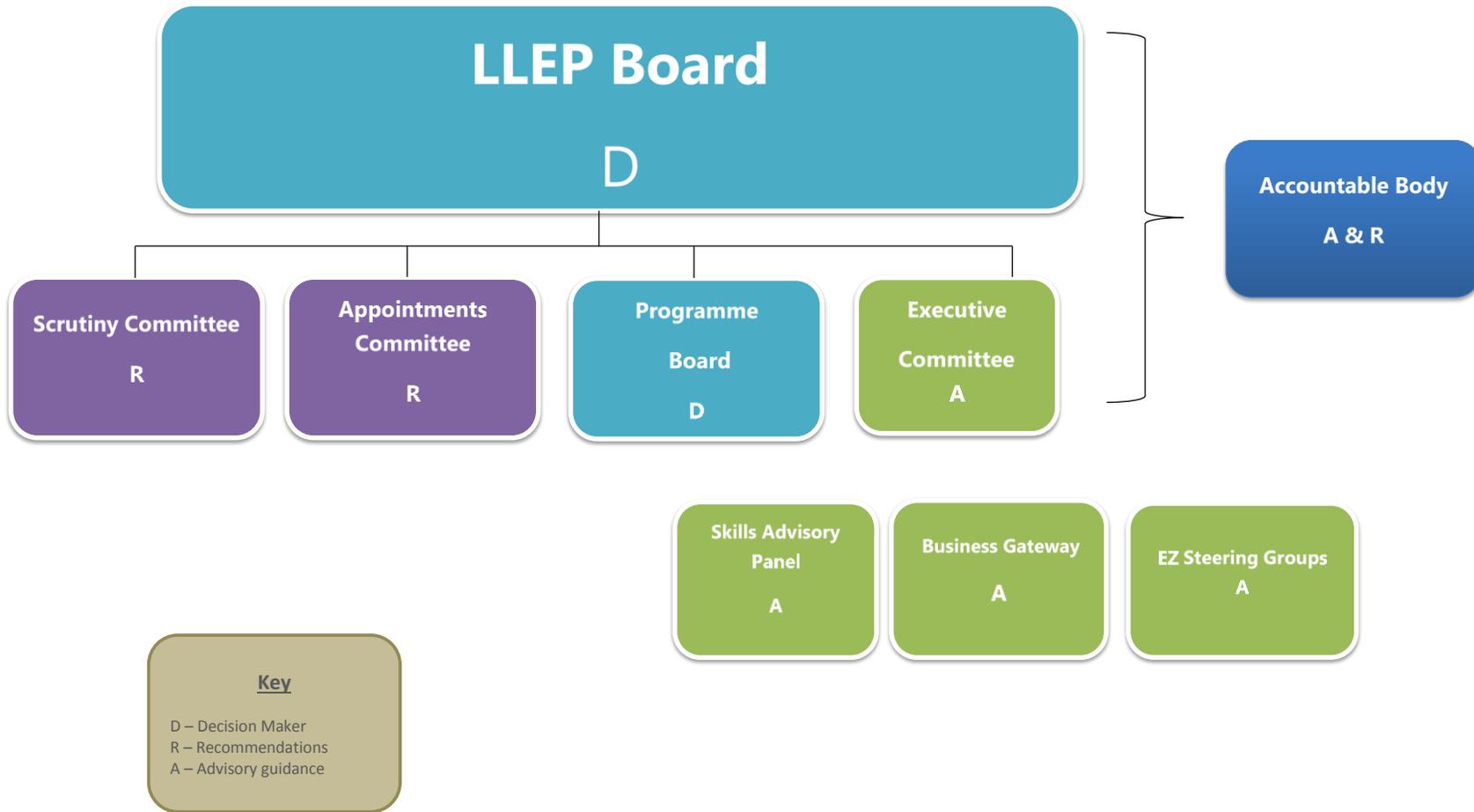
Key objectives of the LLEP Governance Review:

- Determining if the governance system adds value or is a burden to the organisation;
- Address specific issues of concern with the current governance structure such as the number or type of board committees;
- Alignment of the governance system with an existing or new strategic direction;
- Adoption of leading practice governance in terms of policies and procedures (documentation review);
- Compliance with national and Local Assurance Framework (NAF/LAF)

The approach taken needs to consider the framework below.



LLEP - Current Governance Structure

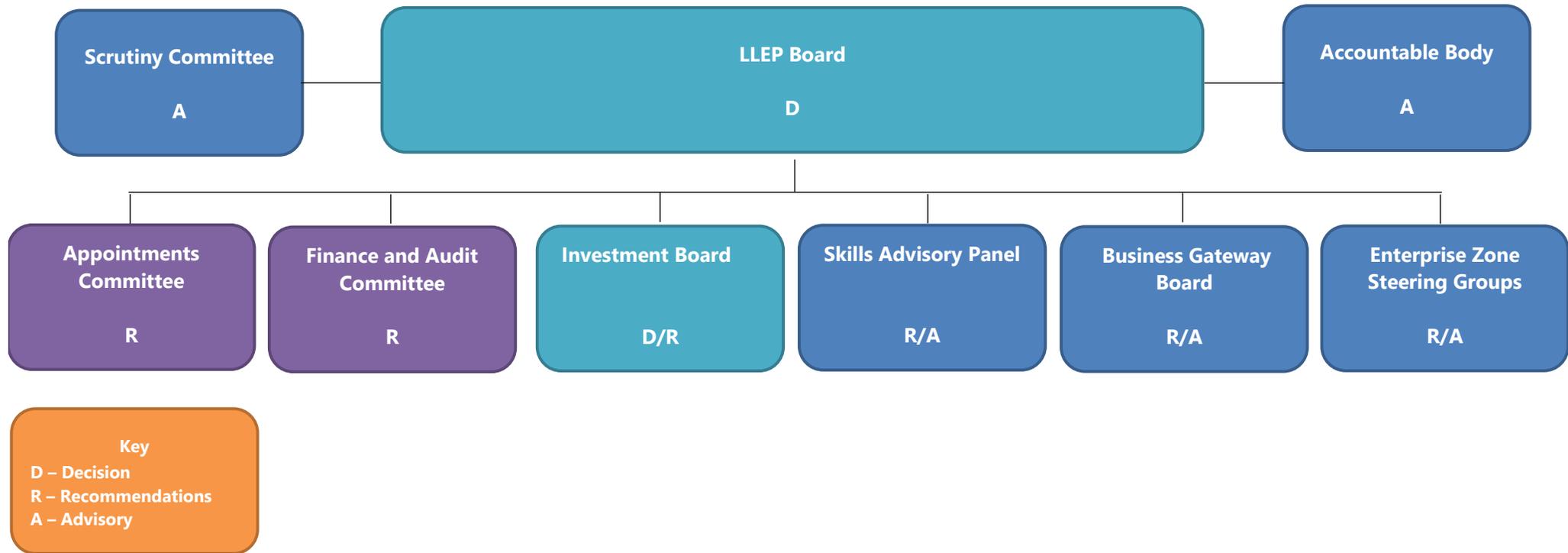


	Board (D)	Programme Board (D)	Executive (A)	Appointments Committee (A)	Skills Advisory Panel (SAP) (A)	Business Gateway Board (A)	EZ Steering Groups (A)
Benefits	Strong business and political leadership	Scrutiny and decision making for the LGF, project pipeline development	Engagement of key stakeholders in relation to LLEP agenda		Enables sufficient discussion in relation to skills issues	Enables detailed discussion in relation to Business Support agenda	All groups operate to the same Governance arrangement
	Diversity of representation	Detailed discussion on individual project decision	Counsel provided on key political issues prior to Board meetings		Membership representative of skills landscape	Membership representative of the Business Support landscape	Membership representative of interested parties
	Diverse sector knowledge and experience	Frequency of meetings historically enabled Government return on LGF to be scrutinised and timely decision					
Concerns	Frequency of the meetings	Membership led to inconsistent attendance	Membership primarily consists of Senior officers and no		Insufficient Board Director engagement?	Insufficient Board Director engagement?	No directors currently on any of the EZ Groups

			representation from Directors				
	Length of the meetings to get through the current agenda	Inconsistency of reporting on all investment programmes – e.g. EZ, EAN, GPF. ESIF Programme	Executive have set the agenda for the Board		Flow of information and direction of the SAP	Flow of information in relation to work streams re Business Gateway	
	Transactional Board less strategic	Majority of members not Board Directors	Executive members have received confidential information e.g. review of Board papers prior to Directors				
	Structure of the meeting	£500k delegation insufficient so majority of investment decisions are referred to Board	No scheme of delegation and decision making powers				
	Scheme of Delegation sufficient?						
	Role of individual						

	Directors						
	No Risk management						
	Insufficient financial scrutiny / financial sustainability						
	Flow of information regarding Stakeholder engagement						
	Sufficient overview of sub-groups?						

LLEP – Proposed Governance Structure



	Board	Investment Board	Audit and Finance	Appointment Committee	Skills Advisory Panel (SAP)	Business Gateway Board	EZ Steering Groups
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	(D)	(D)	Committee (A)	(A)	(A)	(A)	(A)
Proposed change	Review of Business of the Board and structure of the meetings - i.e. half decision making /half strategic discussion	To combine all investment decisions and programmes. A membership of up to 10 directors that consists of Political representation from the Board Directors with the majority of membership derived from private sector and should include wherever possible Chairs of all sub committees and Chair of the Board.	<p>A new proposed Finance, Risk and Audit Committee</p> <p>The FRAC Committee will:</p> <ul style="list-style-type: none"> • Scrutinise LLEP's HR and finances to ensure that its business is fully compliant with all legal, audit and financial requirements; • Assist the Board in understanding financial and risk implications of delivering the actions in the strategy and delivery plan; • Make 	No proposed change at this time	Consideration of other Board Director engagement	Consideration regarding other Board Director engagement	Appointment of Board Directors to the different EZ Groups

			<p>recommendations to the Board on HR, risk, audit and financial matters;</p> <ul style="list-style-type: none">• Ensure the highest quality financial information is available to the Board;• Maintain oversight of the relationship with the designated accountable body (Leicester City Council) through regular review of the Accountable Body Agreement.• Oversight of				
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			implementati on of the LEP Assurance Framework <ul style="list-style-type: none"> • Oversight of the management of Corporate Risk • Oversight of Governance and Conflict of interest 				
	Chair and Chief Executive report as standing items to help with update	Balanced representation derived from Directors					
	Frequency of meeting to Quarterly						
	Scheme of delegation to be reviewed to an appropriate level to allow decisions to be made in a timely manner						

Benefit	More effective Board decision making process	Allows for a consistent approach to all investment programmes and monitoring of programmes of investment that will release Board time	Improved Director understanding of finances and risk with clearly identified roles for those Directors on the Committee		Improve the no of Director with a good understanding of skills issues	Improved the number of Directors with a good understanding regarding Business support issues	Improve the understanding of the vision and aspirations of the EZ sites and priorities for investment
	Strategic Oversight and direction achieved	Allows for detailed conversation and debate regarding investment	Improved transparency of Finance and Risk and confidence to the Board		Skills champions within the Board to advise the rest of the Board	Business Support Champions within the Board to advise the rest of the Board	EZ Board Champions within the Board to advise the rest of the Board
Concern	Balance of information at meetings	Level need to be considered for the scheme of delegation	Servicing another committee and ensuring internal process and reporting is sufficient to meet reporting requirement of this Committee		Director time and commitment	Director time and commitment	Director time and commitment
		Frequency of meetings needs to be synched with the Board meeting but					

		frequent enough to allow for timely investment decision and returns to Funding bodies.					
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Information paper

LOCAL GROWTH FUND (LGF) UPDATE / LLEP PROJECT PIPELINE

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i) inform the Board of the updated position of the Local Growth Fund (LGF) for 2019/2020 and the profile for 2020/2021
- ii) inform the Board of the Project Change Requests for Leicester Strategic Flood Risk Management Strategy and the Leicester North West Major Transport Scheme.

2. RECOMMENDATIONS

2.1 The LLEP and the Accountable Body recommend the Board to:

- i. note the position of the LGF programme for 2019/2020 and 2020/21
- ii. note the submission to the Programme Board in relation to the Project Change Request to the Leicester North West Major Transport Scheme and the Leicester Strategic Flood Risk Management Strategy

3. LGF Q4 FINANCIAL POSITION 2019/2020

3.1 In 2019/20 the total LGF grant was £12.93m, covering allocations for the remaining 6 out of 20 projects funded through the Programme.

3.2 Following the close of the Q4 reporting period, grant claims had been received totalling £8.46m from a profile of £8.46m. Some projects claimed a higher level of grant than their year's allocation, after discussion with the LLEP team, in order to counterbalance underspend from others. Adjustments to next year's allocations have been made accordingly to ensure projects are not awarded more funding that contracted. The projects that claimed were:

- a) Space Park, Leicester - under profile
- b) Pioneer Park Commercial Workspace – under profile
- c) Leicester North West Major Transport Scheme –over profile
- d) Leicester Strategic Flood Risk Management Strategy – under profile
- e) National Space Centre Vision 2025 – over profile
- f) M1 Junction 23 and A512 Improvements - over profile

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- 3.3 The Project Allocations to March 2021 (Appendix 1) shows the amount defrayed to each project and the future forecasts for the remainder of the programme.

4. LGF FINANCIAL POSITION 2020/21

- 4.1 The LGF allocation for 2020/21 is £17.89m, this represents the full remainder of the LLEP's allocation for this programme, LEPs have recently been advised that a decision has been made to only release two thirds of the LGF allocation for 2020/21 in May 2020 (circa £11.92m) followed by a period of joint working and review over the Summer on contractual commitments and likely spend over the remainder of the year. This will then unlock Ministerial confirmation on the final third to be paid after the review. A letter outlining the arrangement has been received (Appendix 2).
- 4.2 In-year quarterly spend profiles have been submitted by project sponsors (Appendix 3) At this moment in time the current forecast for the first two quarters of the year amount to £14.39m. There is therefore a current shortfall in the proposed allocation although there is a commitment that for those LEPs with ongoing spend against contractual commitments exceeding the two thirds allocated, evidencing the need for earlier payment Government have indicated that they will work with the LEP, providing further LGF if that is required ahead of the review's conclusion.
- 4.3 LEPs have asked for some flexibility in relation to extended timescales for delivery. It is unclear whether any project spend that slips into 2021/22 and for which LGF is not received in 2020/21 will still be funded by the Government; this poses a clear risk to the LLEP, the accountable body and project sponsors. The LLEP team will monitor closely the risk and any potential underspend that may arise from projects and report these to the Board in a timely manner.
- 4.4 Two project change requests have been submitted to the Programme Board for consideration as outlined below:

The Leicester Flood Risk Management Strategy Project is in effect a mini programme with a number of different projects within it. There is one project within the portfolio of projects that will not proceed, thereby releasing £1.3 million within the financial envelope of this project. A proposal for the reallocation of that funding was received from the project sponsor just before the Christmas break and the LGF team have considered this as part of a project change request which has been submitted for approval to the Programme Board.

Leicester North West Major Transport Scheme is one of the City's priority schemes and aims to improve movement and accessibility in and out of Leicester by making better use of the A50 and A6 corridors. Similar to the Flood Risk Management Project, there are various schemes within the project, and one has identified a potential underspend of c£1.5 million. A project change request has been submitted to seek

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approval from the Programme Board for re-scoping of the project to include detailed design work on 2 elements ready for construction.

- 4.5 The Board is recommended to note the Q4 financial position of the LGF programme and to note the submission of the Project Change Requests to the Programme Board for the Leicester Flood Risk Management Strategy and the Leicester North West Major Transport Scheme.

5. PIPELINE AND RESERVE PROJECTS

5.1 After the December Board meeting, the LLEP team began the review of pipeline projects that met the criteria as agreed in the report. A potential short list of projects was drawn together, and discussions were held with project sponsors. Only one project that was at full business case was considered to be in a position to spend within the constrained time frames.

5.2 As part of the Budget announcements there was a £387m announcement of additional Local Growth Fund for 2021/2022. The LLEP team have been reviewing the pipeline and actively sought new projects. The list of projects received by the LLEP has been categorised against the foundations of the Local Industrial Strategy and separated into 3 types as follows: -

- Revenue
- Small Capital
- Large Capital

For each of the categories we will provide the following:

- Name and short description
- Strategic Fit and impact
- Project delivery timescales e.g. 0-6 months, 1-2 years
- Project delivery start
- Funding required
- Potential outputs
- Project status: e.g. match in place, planning permission required
- Potential funding pots

5.3 Given the situation with COVID it is unclear at this stage whether there will be additional LGF funding. The LLEP team will continue to review the projects that have been submitted and consider these alongside the development of the Economic Recovery plan . We are therefore not proposing at this stage to bring a list of projects for review to the Board at this stage. This situation will be kept under review.

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Summary of Appendices

1. Appendix 1 - LGF 2019/2020 Actual profile
2. Appendix 2 – LGF Letter – Stephen Jones LGF funding
3. Appendix 3– LGF Forecast profile 2020/21

For further information please contact:

Helen Miller

Head of Programmes

Tel: 0116 454 6157

E-mail: helen.miller@lep.org.uk

Forecast Profile for 2019/2020

	2019/20				2020/21	
	Actuals			Forecast	Total	
Project £m's	Q1	Q2	Q3	Q4		Total
Leicester North West Major Transport Scheme (A50/A6)	-	2,098,486	1,357,730	143,784	3,600,000	2,385,882.18
Leicester Strategic Flood Risk Management Strategy	-	-	14,434	485,566	500,000	1,978,347.55
National Space Centre Vision 2025	-	-	149,692	270,288	419,980	690,144.74
Commercial Workspace Pioneer Park	-	-	0	1,452,222	1,452,222	775,725.52
Space Park Leicester	-	132,128	715,661	2,862,211	3,710,000	3,316,616.92
M1 J23	-	-		3,250,000	3,250,000	8,750,000.00
Total	-	2,230 614	2,237,517	8,464,071	12,932,202	17,896,716.91

Actual Profile 2019/2020

	2019/20				2020/21	
	Actuals				Total	
Project £m's	Q1	Q2	Q3	Q4		Total
Leicester North West Major Transport Scheme (A50/A6)	-	2,098,486	1,357,730	579,957	4,036,173	1,949,709.63
Leicester Strategic Flood Risk Management Strategy	-	-	14,434	441,080	455,514	2,022,833.77
National Space Centre Vision 2025	-	-	149,692	305,666	455,358	654,766.89
Commercial Workspace Pioneer Park	-	-	0	162,440	162,440	2,065,507.52
Space Park Leicester	-	132,128	715,661	2,326,626	3,174,415	3,852,201.45
M1 J23	-	-		4,648,302	4,648,302	7,351,697.65
Total	-	2,230 614	2,237,517	8,464,071	12,932,202	17,896,716.91



13 May 2020

Dear LEP Chief Executives

Local Growth Fund in 2020-21

I am writing to you to set out in more detail the approach to paying your 2020-21 LGF allocation (the final year in this current programme) and how we will work with you to manage that. I hope that this note provides the clarity needed.

In confirming LGF allocations this year, we are looking to balance a wider set of issues than previously. Clearly timely and impactful investment decisions are crucial to stimulating local economies, creating jobs and setting your areas up for the best possible re-start and recovery from the Covid 19 crisis. We have also heard from you on the disruption and slippage to some LGF capital programmes, and concern that some LEPs might be unable to spend before March 2021. We recognise that this is not a uniform picture, depending on how you have previously managed the pipeline, the nature of the projects and interdependence with private sector funding. The risks that we are looking to manage extend across all capital programmes and not just LGF, which is why Government is having to review programme payments in light of COVID and the effect it will have on some delivery plans.

Given this uncertainty we therefore need to take a more active role in understanding the contractual status of projects, what the risk of slippage is, and to work with you individually on the best way of managing that. Meanwhile I am happy to confirm again where there are contractual commitments in place, with plans to manage spend of that allocation across the programme in year, we will ensure that the balance of LGF is paid in full.

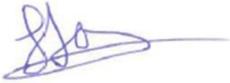
It is on this basis we will initially pay 2/3 of your LGF allocations for FY2020-21 in May followed by a period of joint working and review over the Summer on contractual commitments and likely spend over the remainder of the year. This will then unlock Ministerial confirmation on the final 1/3 to be paid after the review. If however there are LEPs with ongoing spend against contractual commitments exceeding the 2/3 allocated, evidencing the need for earlier payment we will work with the relevant LEP, providing further LGF if that is required ahead of the review's conclusion. For the review we will need to understand your pipeline, your current and forecast position on contractual commitments, and how you will manage spend against your programmes this financial year within your freedoms and flexibilities. We recognise this may include interdependent decisions with other funding streams. The conclusions of the review point will also be a moment to demonstrate to Ministers what you are prioritising locally as strategically important to the long-term economic success of your areas.

In advance of initiating the review period, we want to work with you on agreeing the most appropriate and proportionate ways of bringing together all the relevant information and considerations. We are therefore grateful for Mark Livesey's offer, through the Network, to corral a few of you to work with us in designing that approach and to pick up with some of your Chairs before Ministers sign off on the approach. Once that is settled your Unit Area Lead will work closely with you to discuss and complete it. If you or your accountable body have any more specific challenges as a result of our approach, we are of course happy to discuss.

May I take this opportunity to say thank you again for all the work you and your colleagues have been doing in recent weeks – these are clearly exceptional times and your input into Government is making a real difference in how we can best work with you and support local economies. Thank you in advance for your understanding, and for your co-operation, with everything here as well.

I am copying this letter to your Chairs.

Yours faithfully



Stephen Jones
Co-Director
Cities & Local Growth Unit

LGF Programme Forecast 2020/21

PROJECT NAME	TOTAL GRANT ALLOCATED	ACTUAL TO DATE	Q1 2020/21	Q2 2020/21	Q3 2020/21	Q4 2020/2021	TOTAL FORECAST 2020/21
Leicester North West Major Transport Scheme (A50/A6)	16,200,000.00	14,250,290.37	1,449,709.63	50,000.00	200,000.00	250,000.00	1,949,709.63
Leicester Strategic Flood Risk Management Strategy	7,500,000.00	5,477,166.23	16,000.00	607,000.00	1,000,000.00	399,833.77	2,022,833.77
Developing Commercial Workspace - Pioneer Park	2,614,000.00	548,492.48	626,500.00	760,750.00	678,257.52	0.00	2,065,507.52
National Space Centre Vision 2025	1,149,712.00	494,945.11	0.00	0.00	154,766.89	500,000.00	654,766.89
Space Park Leicester	8,175,160.00	4,322,958.55	2,429,926.00	1,422,275.45	0.00	0.00	3,852,201.45
M1/J23 and A512 Improvements	12,000,000.00	4,648,302.35	3,543,824.00	3,486,220.00	321,653.65	0.00	7,351,697.65
			8,065,959.63	6,326,245.45	2,354,678.06	1,149,833.77	17,896,716.91

ECONOMIC RECOVERY STRATEGY

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the LLEP Board on the development of the Leicester and Leicestershire Economic Recovery Strategy and associated evidence base in response to the COVID-19 pandemic and ensuing economic crisis.

2. RECOMMENDATION

- 2.1 The Board is recommended to:

- i) note the content of the report and associated appendices
- ii) reflect on the content within discussion at LLEP Board Meeting

3. STRUCTURE, PROCESS AND WORKFLOW

- 3.1 A draft outline proposal document was issued to board members on 6 May 2020. Since then there has been significant progress in convening partners and determining the process by which they will work together to develop the Economic Recovery Strategy for Leicester and Leicestershire. The first meeting of the Economic Recovery Cell took place on 15 May and meetings will take place fortnightly going forwards. Subsequent to that meeting the document has been updated and revised to provide greater clarity on structure and process and is attached at Appendix 1. Within the document is a full overview of the structure, process and workflow, set out in three stages:

- Analysis of economic shock
- Creation of short-term economic recovery plans
- Development of a long-term economic recovery strategy

- 3.2 Attached to the document are a further series of schematics illustrating the different elements of the recovery planning structure and process as follows:

- Recovery Planning Process Map
- Impact Assessment Template
- Economic Recovery Planning Structure
- LLR Prepared COVID-19 Recovery Structure
- Economic Recovery Cell Draft Terms of Reference

3.3 It should be noted that the impact of COVID-19 is complex and fluid and therefore future changes may be necessary as the situation evolves.

4. BASELINE DATA, EMERGING INTELLIGENCE AND ECONOMIC FORECASTING

4.1 The LIS Evidence Base and associated [Economic Review](#) provided robust evidence of strengths and weaknesses, threats and opportunities to deliver an evidence-based analysis of what was required to improve productivity and deliver economic growth at a local level. However, the extreme pace of economic change as a result of COVID-19 means that whilst the LIS evidence base is a sound reference point, it is no longer fit for purpose as the basis for a Recovery Strategy and a refresh of that data is required to identify what structural changes to the local economy have occurred or are likely to occur.

4.2 The LLEP will develop a robust recovery evidence base in partnership with Local Authorities, Universities, Business Representative Organisations and others via both the Multi-Agency Intelligence Cell (see Appendix 1) and the planned Economic Analysis Group. The purpose of the Economic Analysis Group is to pool data to avoid duplication where possible and ensure that there is shared access to datasets and intelligence. The group will also contribute to and receive intelligence from partners at the Midlands Engine Observatory. The remit of the Economic Analysis Group will cover:

- Sharing of emerging economic intelligence
- Sharing approaches and solutions for filling evidence gaps
- Highlighting new sources of data
- Assigning research elements to the most appropriate partner organisation
- Enabling a shared understanding of what analysis is already being undertaken by partners and how efficiencies can be created.
- Ensuring the timely and effective dissemination to partners, including Local Authorities, in order to inform local recovery plans
- Where appropriate, commissioning additional research

4.3 The Economic Intelligence Group will work together to assess how additional factors relevant to the current situation might be measured, e.g.:

- economic hardship which had not previously existed
- weakened businesses potentially heading to failure;
- ability of digital infrastructure to respond to new working practices;
- fractured supply chains, where suppliers may have gone out of business;
- reduced demand/confidence nationally/globally;
- vacant, retail, office commercial space;
- changes to consumer behaviour;
- changes to working practices, such as increased home working;
- changes to High Street and retail economy;

- opportunities previously untapped accelerated during the crisis by enforced changes to ways of working and
 - other longer-term factors, such as onshoring, increased use of digitisation and reduced use of public transport.
- 4.4 The LLEP publishes an Annual Economic Profile for the area in spring of each year. The reports for this year have been completed and are available at LLEP, County, City and District Levels. The LLEP Area Economic Profile for 2020 is attached at Appendix 2 and can be taken as a Pre-COVID baseline summary of key indicators. The profiles for the other areas will be available on the LLEP website from next week and a link will be provided in the LLEP Business Intelligence Update.
- 4.5 The pace and fluid nature of the COVID-19 crisis poses some issues in terms of the timely availability of key economic indicators. Collection and publication of traditional measures of economic activity (e.g. population, GVA, number and sector of businesses in the area) are not timely enough to capture the effects in real time as some are published annually. The ONS and other institutions such as the Institute for Fiscal Studies are looking to address this issue through the production of 'fast data' to plug the gap emerging from historical publication dates for key data sets, however, this data is not always available at a local level.
- 4.6 In order to provide a round-up of timely indicators where they become available the LLEP will issue its Economic and Business Intelligence Update fortnightly, to include the following indicators as standard, together with any other emerging intelligence or datasets as they become available.
- Growth Hub Enquiry data (Growth Hub, monthly)
 - Job vacancy postings (EMSI, monthly)
 - Claimant Count (ONS, monthly)
 - Business closures (FAME, BvD, monthly)
- 4.7 As the situation is unlikely to stabilise for some time, it is likely that the LLEP and/or partners will wish to commission further research into the forecast impact on the economy in order to aid planning. The timing of such research will need to be carefully considered, however, in the short-term the LLEP has developed some forecasting ability in terms of the impact on GVA and on numbers employed within sectors. Appendix 3 provides an overview of the baseline indicators which are most liable to significant change and the predictive methodologies which can be applied. However, any prediction needs to be heavily caveated, these are useful tools to apply scenarios, but until more is known about the duration of the crisis the basis of any forecast may be subject to change.

Summary of Appendices

1. Leicester and Leicestershire Economic Recovery Strategy – Structure and Process

2. LLEP Area Annual Economic Profile 2020
3. Economic Forecasting

For further information please contact

Fiona Baker
Head of Strategy and Engagement
Tel: 0116 454 1550 or 07590 444 140
Email: Fiona.baker@llep.org.uk

Leicester and Leicestershire Economic Recovery Strategy – Structure and Process

Purpose

This document sets out the structure and scope of strategic planning analysis and activity to support economic recovery post COVID 19 in Leicester and Leicestershire.

Context

The impact of COVID-19 is expected to result in an unprecedented global economic downturn. Whilst it is expected that the Government will initiate a national economic recovery plan, there is also a parallel requirement to produce a local Economic Recovery Strategy for Leicester and Leicestershire which meets the specific needs of the region and its economic structure. Immediately prior to the onset of COVID-19, the Leicester and Leicestershire Local Enterprise Partnership (LLEP) was in the process of finalising the submission of the Leicester and Leicestershire Local Industrial Strategy (LIS) to Government. The LIS, created in collaboration with business, local authorities and other stakeholders and government colleagues, pulled together a robust evidence base which underpinned the actions identified beneath each of the five foundations of productivity: people, business, infrastructure, place and ideas.

The LIS Evidence Base and associated Economic Review provided robust evidence of strengths and weaknesses, threats and opportunities. However, the extreme pace of economic change as a result of COVID-19 means that whilst the underlying evidence base is a sound reference point, it is no longer fit for purpose as the basis for a Recovery Strategy. The area will require both a short-term strategy for recovery combined with a longer-term plan for growth. An overarching framework to deliver what is required is attached at Appendix A. The framework is built around three key stages with associated development timescales:

Stage of Activity	Development Timescale
<p>Analyse economic shock</p> <ul style="list-style-type: none"> • Conduct impact assessment (Appendix E) • Data Analysis • Sector Analysis • Economic Intelligence Updates • Forecast Scenarios 	<p>Immediate and ongoing (May – Dec)</p>

<p>Create short-term economic recovery plans</p> <ul style="list-style-type: none"> • District economic recovery plans • National funding interventions • Local discretionary funding • Repurposing and reallocation of existing funding streams 	<p>Immediate and short-term (May-Aug)</p>
<p>Develop long term economic strategy</p> <ul style="list-style-type: none"> • Agreement of stakeholders on a definition of the 'new' normal and expected size and shape of the changed economy. • Identification of actions required for economic recovery and resilience including opportunities and threats. • Create costed five-year recovery strategy for Leicester and Leicestershire 	<p>Longer term (July – December)</p>

Given the fluid nature of the crisis and likelihood of further periods of lockdown, the timescales will necessarily be subject to review as the situation develops.

Following the onset of COVID-19 as part of the coordinated Leicester, Leicestershire and Rutland (LLR) emergency response, the LLEP coordinated the LLR Business Cell, comprised of representatives of stakeholder organisations, which fed into the LLR Resilience Forum.

As the focus shifted from initial response to recovery planning, the Business Cell transitioned into an Economic Recovery Cell (ERC) from 15 May 2020 in order to coordinate the activities described in Annex A, and for which a detailed structure chart is provided at Appendix B. The ERC has reporting lines to both the LLR Prepared Recovery Coordinating Group, (for which it covers the business and economy strand, see Appendix C) and the LLEP Economic Recovery Oversight Group, comprised of a group of LLEP Board Directors, which will oversee the development of the Economic Recovery Strategy.

The remit of the Economic Recovery Cell will be to have a coordinating role in engaging a wide range of partners to identify issues, intelligence and potential interventions relating to each of the existing LIS foundations, utilising the knowledge and expertise of established groups and organisations, the full Terms of Reference are attached at Appendix D.

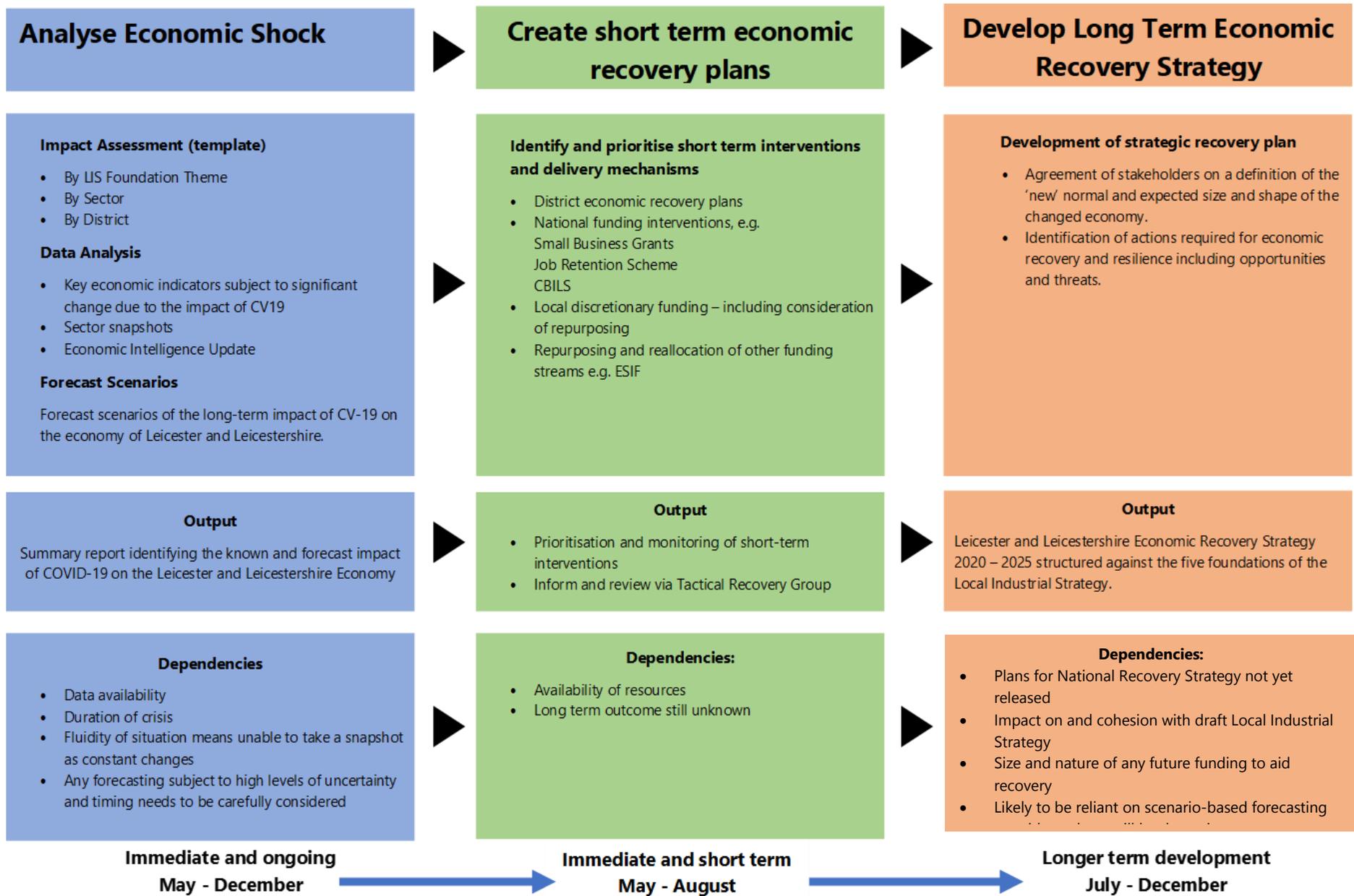
Alongside will sit an Economic Analysis Group, similar to the Evidence Base Group convened when developing the LIS, responsible for overseeing the development of a supporting evidence base either through commissioned research or through utilising LLEP and partner capacity and capability. This group will report into both the ERC and the Multi-Agency Information Cell, which again is part of the LLR Recovery structure. The Economic Analysis Group will be established by the end of May.

It is estimated that it may take upwards of a year for relevant data sets to be refreshed and updated. Notwithstanding this, there is clearly an immediate need to forecast and scenario

plan for anticipated levels of downturn across a range of indicators, some of which may not have previously been taken into consideration in the development of the LIS.

Considerations

- The outline structure may need to be revised when more is known regarding a national economic recovery plan and therefore any timescales for development may be subject to change.
- It may be several months before we are able to assess the impact of COVID-19 on the local economy with any degree of accuracy and prior to that we will be reliant on scenario planning. Any plan needs to be able to flex to accommodate unforeseen shifts in the economy.



Impact Assessment Template Example

The example below is for illustrative purposes only and should be interpreted as a guide to content only and not as a comprehensive analysis of issues relating to the foundation in question.

Foundation: People *(insert as appropriate)*

1. DATA AND FORECAST SCENARIOS *(LLEP to Populate)*

Pre-COVID Baseline Indicators*	Forecast scenario (where available)	Emerging data
<p>LLEP to populate this section with key statistics and datasets relevant to the foundation. <i>For example People section could include:</i></p> <ul style="list-style-type: none"> • <i>Employment statistics by sector and occupation</i> • <i>Unemployment and NEET data</i> • <i>Skills demand</i> • <i>Skills gaps</i> • <i>Predicted sector growth and decline</i> 	<p>(Insert forecasting data as it becomes available illustrating potential shift from base data due to the impact of COVID-19)</p> <p>This section might also include other considerations, e.g. that without an extension of furlough support, there is likely to be a further surge in redundancies.</p>	<p>Insert relevant local data as it becomes available, e.g. unemployment figures, business closures etc.</p>

2. SUMMARY OF CURRENT AND PREDICTED IMPACT OF COVID-19

This section should list known issues relative to the foundation which are emerging from the current COVID-19 crisis

Current

(Following examples are illustrative only, and not a comprehensive review for People section)

- Apprenticeship delivery severely curtailed, with many apprentices furloughed and put on agreed breaks in learning.
- Small training providers may go out of business
- Lower levels of recruitment in universities and colleges
- Provision has switched to online learning where possible but there will be difficulties in providing industry placements and practical learning.

Longer Term implications

- Retraining will be required for those made redundant from contracting sectors to equip them with the skills to enter a new sector.
- Those most at risk of unemployment are likely to be young people and women
- Youth unemployment levels will rise due to contraction of jobs market, lack of apprenticeship offers.

- HE provision for overseas students likely to reduce

3. WHAT RESOURCES ARE CURRENTLY AVAILABLE TO SUPPORT / ADDRESS THE ISSUES IDENTIFIED ABOVE?

Insert any information on current government or local support, for example for People:

National

- *ESFA Covid-19 post-16 Provider Relief Scheme (for providers of non-levy apprenticeships only)*
- *National Skills Toolkit*
- *Job Retention Scheme*

Local

- *COVID-19 Redundancy and Recruitment Service for Leicester and Leicestershire*

4. WHAT FURTHER INTERVENTION IS REQUIRED TO ENABLE RECOVERY?

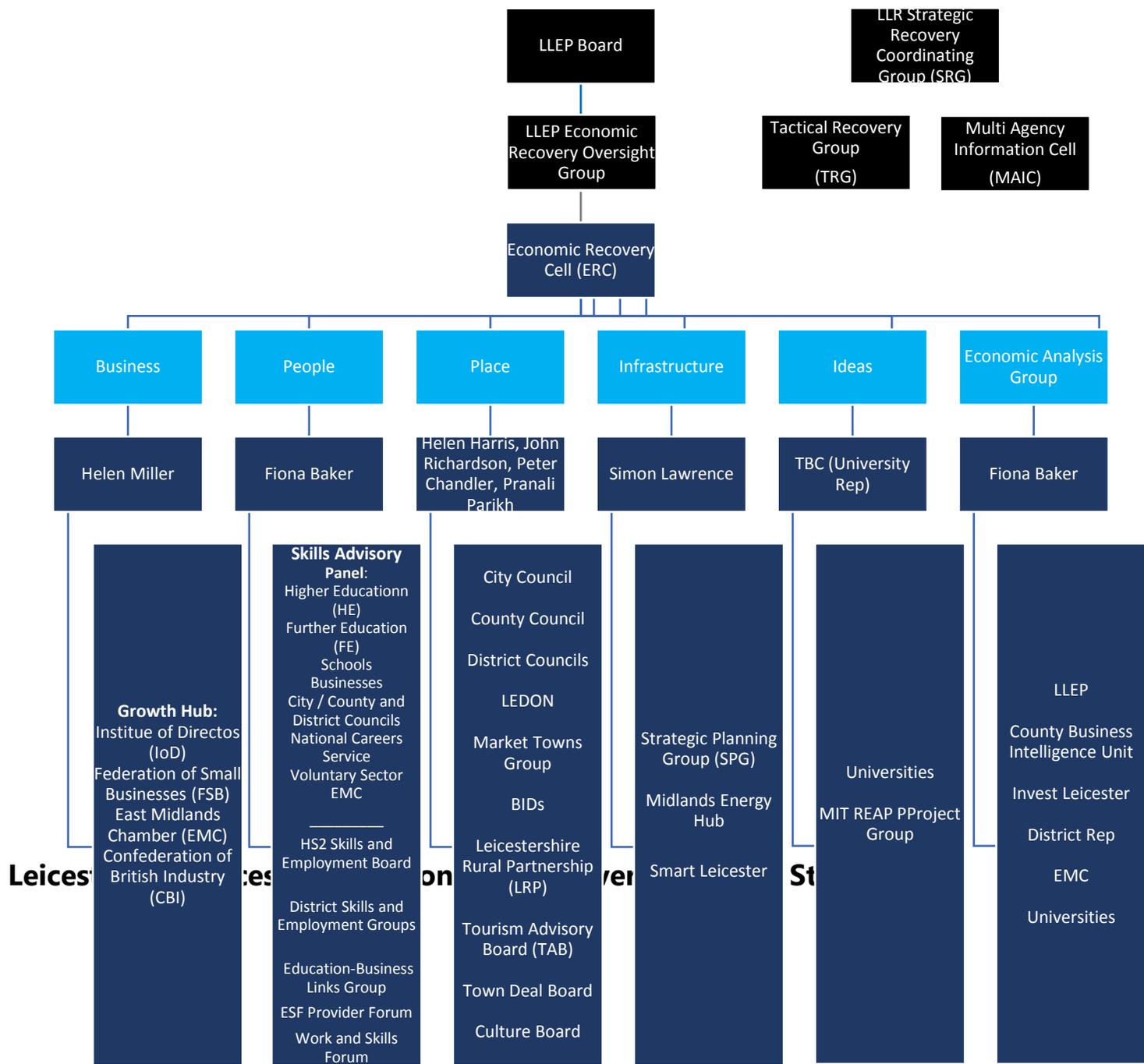
What additional funding or other resource is required to address immediate issues for recovery? Are there any sources of funding currently available?

- Repurposing of ESF Reserve Funds to assist in delivery to enable adults to enter the labour market.
- Increased funding for FE sector to allow recovery and enable young people to gain the skills required to enter the changed labour market

5. PROPOSED COST OF INTERVENTION?

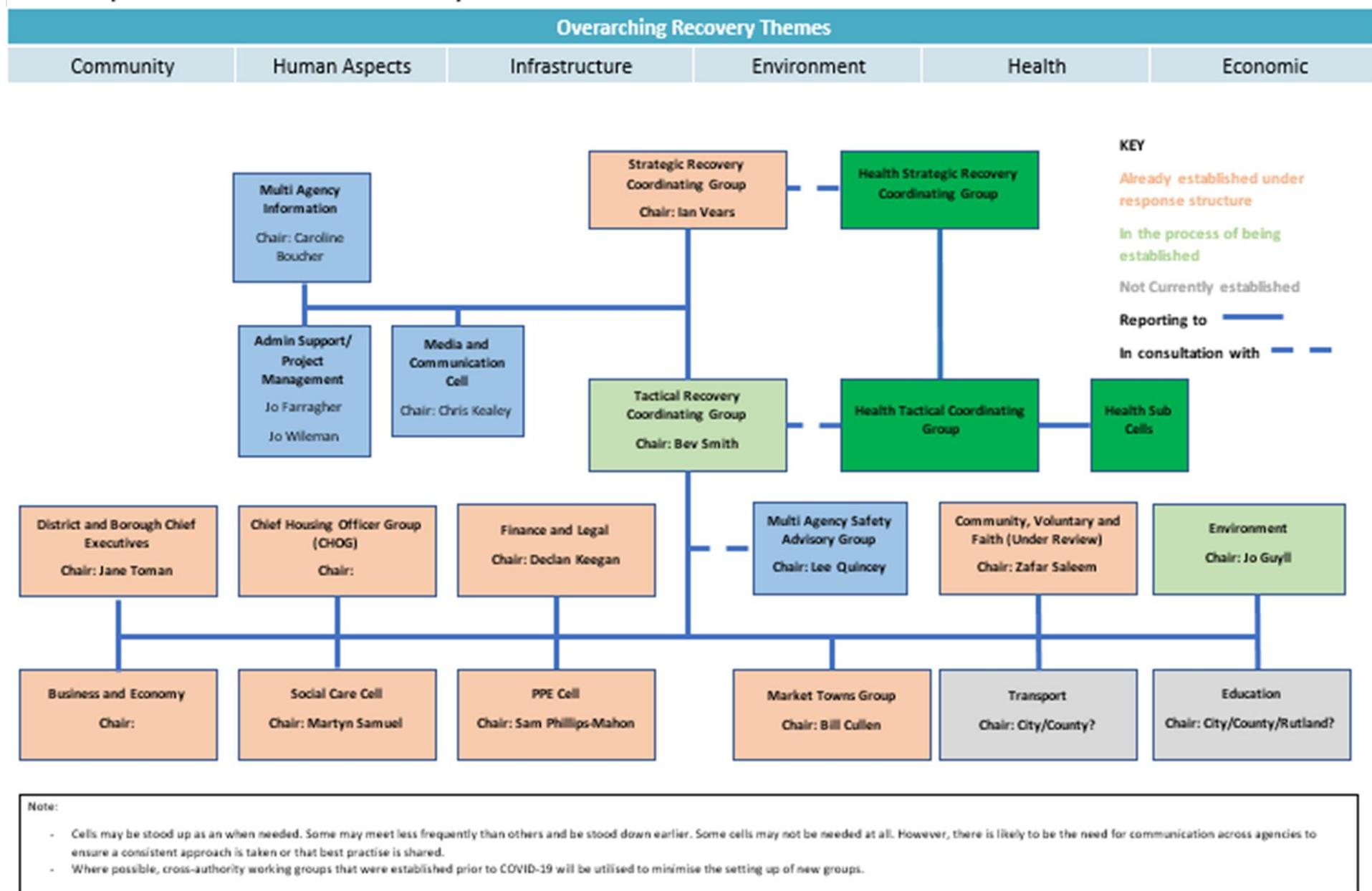
Enter details of any costs associated with proposed interventions and potential sources of funding

*Economic Indicators used in Oxford Economic Review



Appendix C

LLR Prepared COVID-19 Recovery Structure



Leicester and Leicestershire Economic Recovery Cell – DRAFT Terms of Reference

Purpose

The purpose of the Economic Recovery Cell is to provide a coordinated analysis of the impact of Covid-19 on the economy of Leicester and Leicestershire and to advise the LLEP oversight group on key decisions that need to be taken on strategy, delivery and funding. This will result in the development of an economic recovery strategy for Leicester and Leicestershire, structured around the existing Local Industrial Strategy Foundations.

Membership

The Leicester and Leicestershire Economic Recovery Cell will be chaired by the LLEP CEO and comprise representatives from:

- Leicester City Council
- Leicestershire County Council
- District Council
- University
- LLEP Skills Advisory Panel
- LLEP Business Board

Structure

A detailed structure chart is attached as an appendix.

Responsibilities

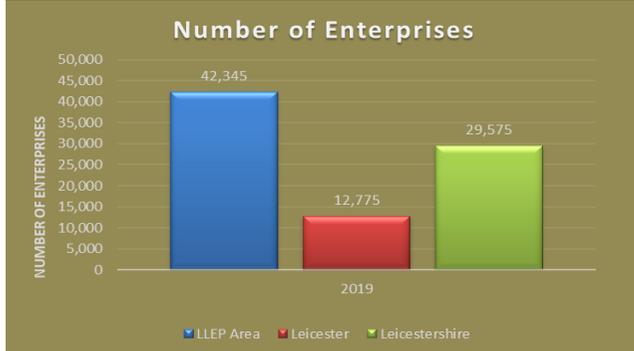
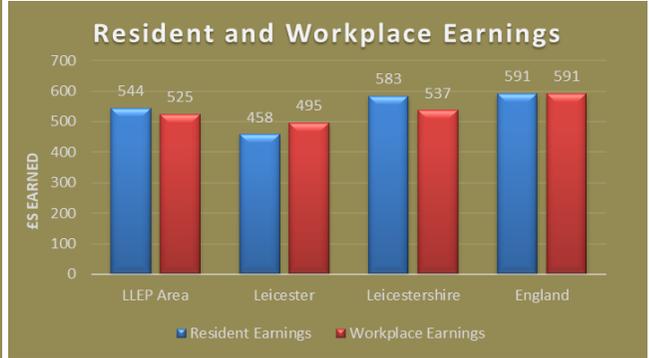
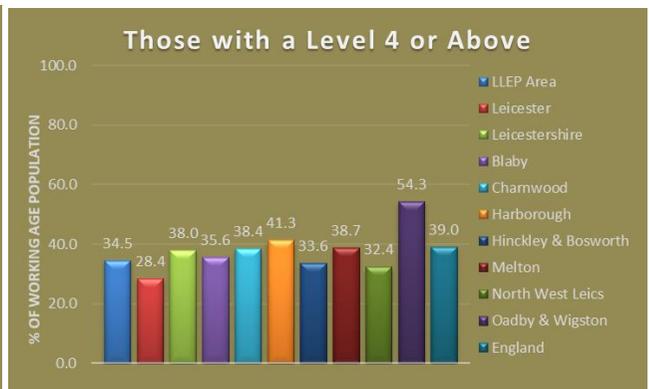
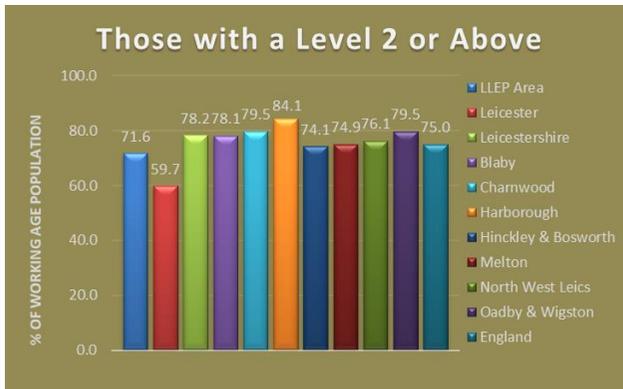
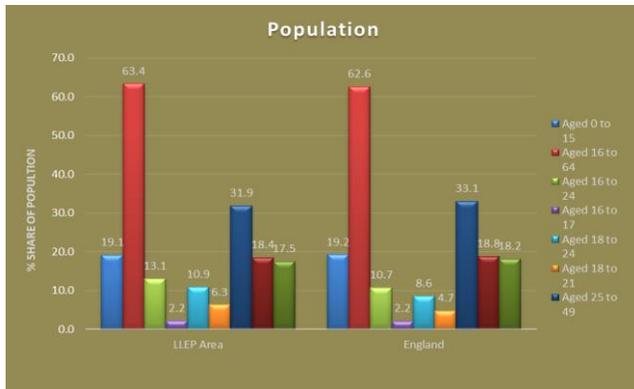
- To consider the known and predictive impact of a range of economic indicators provided by the Economic Analysis Group or through commissioned research, on the economy of Leicester and Leicestershire.
- Working in conjunction with the Economic Analysis Group, the Cell will act as a central coordination point for the collation of economic intelligence, data and emerging issues from member organisations and wider stakeholders.
- To lead on the development of each strand of the Recovery Plan: Place, Business, People, Ideas and Infrastructure to inform the Economic Recovery Strategy.
- Ensure that recommendations are firmly based on robust evidence and analysis.
- Ensure that identified actions are based on an accurate understanding of the economy as it stands now, the best available forecasts of how Covid-19 will affect us, and the most relevant evidence of what works in dealing with the economic impact.
- To understand and identify the economic challenges which Covid-19 places on the area and to identify solutions to any overlaps or gaps in provision, including recommending new areas of focus, and re-alignment of resources.
- To track progress and ensure that actions and resources are constantly monitored to ensure resources are effectively deployed.
- Oversee the commissioning of any additional external support needed to develop the evidence base.
- To provide regular updates to the LLEP Economic Recovery Oversight Group, LLEP Board and LLR Prepared Recovery Coordinating Group

- To ensure that any strategies and actions consider and fit with any national recovery plans subsequently announced by Government.

Governance

- The Cell will be chaired by the LLEP CEO. The group will provide a full update at each LLEP Board Meeting and to the LLR Prepared Recovery Coordinating Group as required.
- Local authority and university representatives will be required to coordinate the completion of any agreed actions being undertaken by their respective organisations, any consultation required within those organisations and to act as a point of contact.

Draft LLEP Area Annual Economic Profile 2020



Population

The table below demonstrates the distribution of the population of the LLEP, Leicester, Leicestershire and England areas. The areas in blue show where there are on average larger concentrations of the population locally. Data is taken from the Office for National Statistics (ONS) Population Estimates.

Age Groups	Population			
	LLEP Area	Leicester	Leics	England
All Ages	1,053,486	355,218	698,268	55,977,178
Aged 0 to 15	201,212	76,034	125,178	10,748,458
Aged 16 to 64	667,680	236,880	430,800	35,049,467
Aged 16 to 24	137,612	60,668	76,944	6,005,483
Aged 16 to 17	23,089	7,960	15,129	1,206,160
Aged 18 to 24	114,523	52,708	61,815	4,799,323
Aged 18 to 21	66,577	31,421	35,156	2,650,753
Aged 25 to 49	335,708	122,805	212,903	18,510,830
Aged 50 to 64	194,360	53,407	140,953	10,533,154
Aged 65+	184,594	42,304	142,290	10,179,253
All Ages	100.0	100.0	100.0	100.0
Aged 0 to 15	19.1	21.4	17.9	19.2
Aged 16 to 64	63.4	66.7	61.7	62.6
Aged 16 to 24	13.1	17.1	11.0	10.7
Aged 16 to 17	2.2	2.2	2.2	2.2
Aged 18 to 24	10.9	14.8	8.9	8.6
Aged 18 to 21	6.3	8.8	5.0	4.7
Aged 25 to 49	31.9	34.6	30.5	33.1
Aged 50 to 64	18.4	15.0	20.2	18.8
Aged 65+	17.5	11.9	20.4	18.2

Source: Office for National Statistics Population Estimates 2018

Observations

- The population of the Leicester and Leicestershire area (LLEP) is over one million.
- Over 350,000 people live in Leicester and the rest (nearly 700,000) in Leicestershire.
- The working age population (those that are 16 – 64) make up 63.4% of the whole population. This is above the England average (62.6%). In Leicester the figure is 66.7% and Leicestershire 61.7%.
- In Leicester 17.1% of the local population are aged 16-24 (13.1% in the LLEP Area and 11% in Leicestershire). This is higher than average (10.7%). Local figures reflect that the LLEP area contains three universities.
- Those over 65 in the LLEP area make up 17.5% of the local population. In England the figure is 18.2%. The picture is very different in the City and County. In Leicester the figure is 11.9% and Leicestershire 20.4%. Figures demonstrate that Leicester has on average a younger population than Leicestershire.
- The distribution of the working age population impacts labour supply and depending where a business is located will determine what human resources are available to it.

Level 2

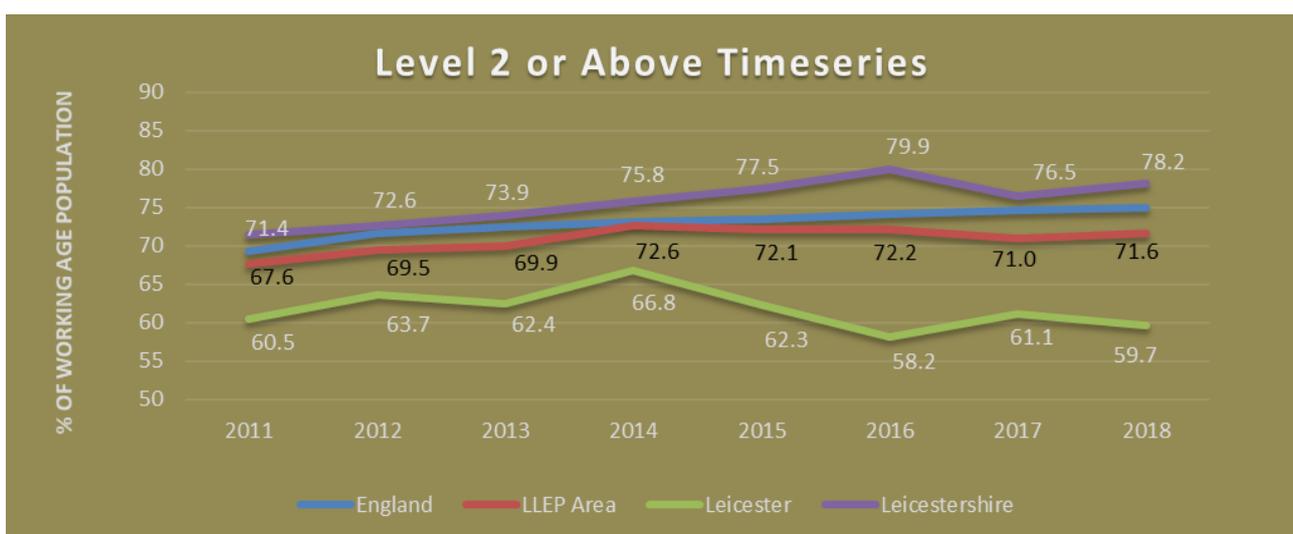
The data below is taken from the ONS Annual Population Survey and relates to the period 2011 to 2018. The table demonstrates the share of the working age population both locally and nationally that have a Level 2 or above. It also shows growth in the numbers that possess a Level 2 or above and compares local with national figures. Areas in red demonstrate where there is lower than average performance in terms of the share of the working age population that do not have a Level 2 or above and where there has been negative growth over the periods identified.

Level 2 or Above						
	2018		National % Point Dif 2018	NVQ4+ Growth 2011 - 18		NVQ4+ Growth 2017 - 18
LLEP Area	467,000	71.6	-3.4	41,000	9.6	2,300 0.5
Leicester	139,500	59.7	-15.3	6,400	4.8	- 3,800 -2.7
Leicestershire	327,500	78.2	3.2	34,600	11.8	6,100 1.9
Blaby	45,000	78.1	3.1	2,900	6.9	2,600 6.1
Charnwood	94,000	79.5	4.5	16,300	21.0	4,300 4.8
Harborough	43,800	84.1	9.1	4,700	12.0	- 700 -1.6
Hinckley & Bosworth	49,200	74.1	-0.9	5,000	11.3	3,200 7.0
Melton	22,300	74.9	-0.1	- 1,800 -7.5		- 600 -2.6
North West Leics	47,700	76.1	1.1	6,300	15.2	- 2,000 -4.0
Oadby & Wigston	25,700	79.5	4.5	1,500	6.2	- 500 -1.9
England	25,974,700	75.0	0.0	2,601,600	11.1	209,300 0.8

Source: The Office for National Statistics, Annual Population Survey, Qualifications, Jan 2018 to Dec 2018

Observations

- In the LLEP area in 2018 71.6% of the working age population had a Level 2 or above. In England the figure was 75%. In Leicester the figure was 59.7% and Leicestershire 78.2%.
- Attainment in the LLEP area is 3.4 percentage points lower than average. In Leicester the figure is 15.3 percentage points lower. In Leicestershire the picture is different. Attainment in Leicestershire is 3.2 percentage points higher than average. Hinckley and Bosworth and Melton have below average figures.
- At 84.1% Harborough's attainment level in 2018 was 9.1 percentage points higher than average.
- From 2011 to 2018 there was growth in attainment across all the areas identified except Melton which fell by 7.5%. In Charnwood there was growth of 21% and North West Leicestershire 15.2%.
- Over the last year there has been negative growth in attainment in Leicester and positive growth in Leicestershire.
- The graph below presents timeseries data for the period 2011 to 2018 for the LLEP, local authority and national areas.



Source: The Office for National Statistics, Annual Population Survey, Qualifications, Jan 2018 to Dec 2018

Level 4

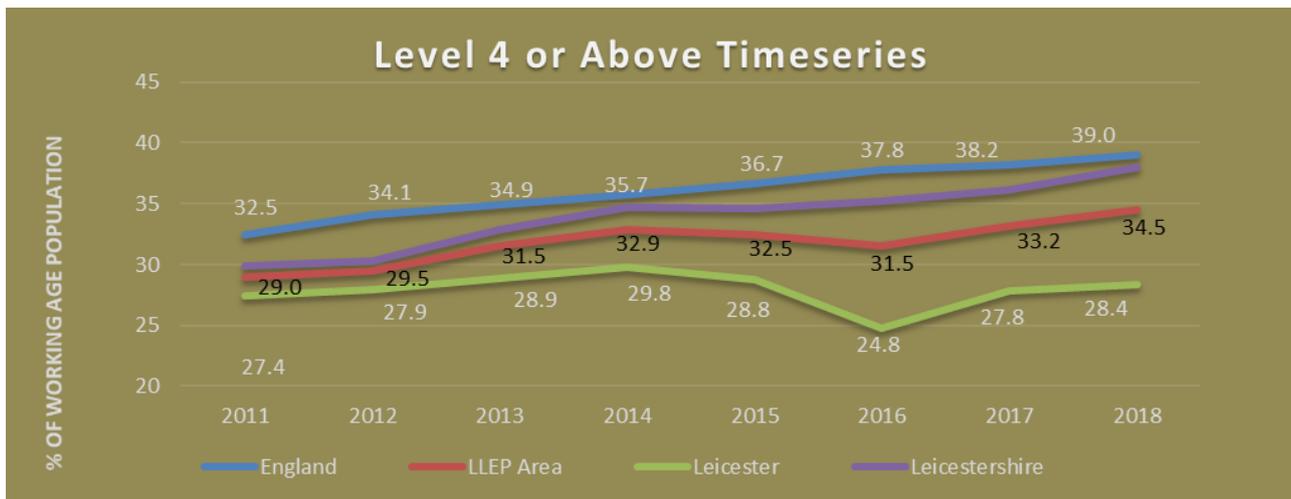
The data in the table below is taken from the ONS Annual Population Survey and relates to the period 2011 to 2018. The table demonstrates the share of the working age population both locally and nationally that have a Level 4 or above. It also shows growth in the numbers that possess this level of qualification and local figures are compared with the national average. Areas in red demonstrate where there is lower than average performance in terms of the share of the working age population that do not have a Level 4 or above and where there has been negative growth over the periods identified.

Level 4 or Above						
	2018		National % Point Dif 2018	NVQ4+ Growth 2011 - 18		NVQ4+ Growth 2017 - 18
LLEP Area	225,400	34.5	-4.5	42,600	23.3	8,100 3.7
Leicester	66,400	28.4	-10.6	6,100	10.1	1,100 1.7
Leicestershire	159,000	38.0	-1.0	36,500	29.8	7,000 4.6
Blaby	20,500	35.6	-3.4	6,300	44.4	1,600 8.5
Charnwood	45,400	38.4	-0.6	10,100	28.6	1,400 3.2
Harborough	21,500	41.3	2.3	1,500	7.5	- 1,200 -5.3
Hinckley & Bosworth	22,300	33.6	-5.4	6,700	42.9	2,300 11.5
Melton	11,500	38.7	-0.3	800	7.5	3,800 49.4
North West Leics	20,300	32.4	-6.6	3,900	23.8	- 6,700 -24.8
Oadby & Wigston	17,600	54.3	15.3	7,200	69.2	5,800 49.2
England	13,513,600	39.0	0.0	2,541,600	23.2	316,700 2.4

Source: The Office for National Statistics, Annual Population Survey, Qualifications, Jan 2018 to Dec 2018

Observations

- In the LLEP area in 2018 34.5% of the working age population had a Level 4 or above. In England the figure was 39%. In Leicester the figure was 28.4% and Leicestershire 38%.
- Attainment in the LLEP area is 4.5 percentage points lower than average. In Leicester the figure is 10.6 percentage points lower and Leicestershire 1 percentage point.
- In Leicestershire all district areas except Harborough and Oadby and Wigston have below average attainment.
- At 54.3% Oadby and Wigston's attainment level in 2018 was 15.3% higher than average.
- From 2011 to 2018 there was growth across all the areas identified. Blaby, Hinckley and Bosworth and Oadby and Wigston all had growth of over 40%.
- Over the last year there has been growth in Leicester and Leicestershire. There was negative growth in Harborough and North West Leicestershire. Both Melton and Oadby and Wigston had growth of nearly 50%.
- The graph below presents timeseries data for the period 2011 to 2018 for the LLEP, local authority and national areas.



Source: The Office for National Statistics, Annual Population Survey, Qualifications, Jan 2018 to Dec 2018

Occupations

The information below is taken from the ONS Annual Population Survey and accessed through Nomis. Data relates to standard occupational code major groupings. Data is for the LLEP area and compares this with the England area. The areas in red demonstrate where the share is lower than average, those in blue higher than average and amber the same as average.

Occupations						
Area	LLEP Area 2018	Growth 2011 - 18	Growth 2017 - 18	England 2018	Growth 2011 - 18	Growth 2017 - 18
Managers, directors and senior officials	55,200 11.1	15,600 2.4	2,700 0.6	3,021,600 11.1	522,700 0.9	10,600 0.1
Professional occupations	82,900 16.6	3,500 -0.8	800 0.1	5,670,800 20.8	882,500 1.3	184,900 0.5
Associate prof & tech occupations	75,600 15.1	17,100 2.2	600 0	4,060,900 14.9	642,700 1.0	131,900 0.4
Sum %	213,700 42.8	36,200 3.8	4,100 0.7	12,753,300 46.8	2,047,900 3.2	306,200 0.8
Administrative and secretarial occupations	48,400 9.7	4,500 -1.9	6,800 -1.4	2,752,900 10.1	35,600 1.0	42,900 0.2
Skilled trades occupations	52,000 10.4	4,300 -2.0	1,100 0.2	2,682,500 9.9	68,500 0.7	76,100 0.3
Sum %	100,400 20.1	8,800 -3.9	5,700 -1.2	5,435,400 20.0	104,100 1.7	119,000 0.5
Caring, leisure and other service occupations	45,400 9.1	10,000 1.3	4,800 0.9	2,424,800 8.9	220,700 0.1	7,600 0.1
Sales and customer service occupations	36,900 7.4	3,700 0.1	4,800 -1.0	2,008,400 7.4	52,900 0.6	12,400 -
Sum %	82,300 16.5	13,700 1.4	- -0.1	4,433,200 16.3	273,600 0.7	4,800 0.1
Process, plant and machine operatives	44,700 9.0	8,200 1.0	7,900 1.6	1,702,300 6.3	130,600 0.1	13,300 0.1
Elementary occupations	56,800 11.4	3,900 -1.9	2,100 -0.4	2,812,900 10.4	117,700 0.6	5,300 -
Sum %	101,500 20.4	4,300 -0.9	5,800 1.2	4,515,200 16.7	248,300 0.7	18,600 0.1

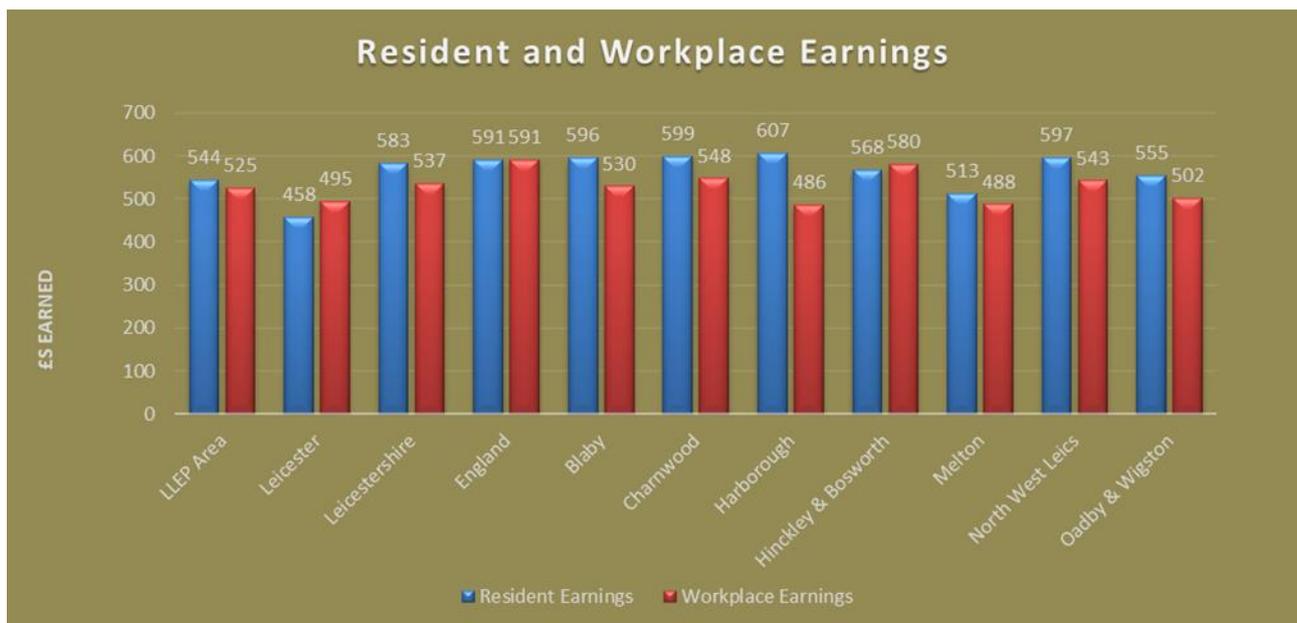
Source: The Office for National Statistics, Annual Population Survey, Employment by Occupation, Jan 2018 to Dec 2018

Observations

- In the LLEP area in 2018 42.8% of occupation were as managers, directors and senior officials, professional and technical occupations. This is below the England average of 46.8%. Over the period 2011 to 2017 there was growth in this occupational grouping of 3.8%. This is similar to that experienced nationally (3.2%).
- Occupational areas that saw falls over the period 2011 to 2018 include administration and secretarial occupations, skilled trade occupations and elementary occupations.
- In terms of numbers in 2018 there were 15,600 more managers, directors and senior officials than in 2011, 17,600 more associate professional and technical occupations, 10,000 more caring, leisure and other service occupations and 8,200 more process, plant and machine operatives.
- Process, plant and machine operatives and elementary occupations make up 20.4% of all occupations. Nationally these make up 16.7% of all occupations.

Earnings

The information below provides an understanding of workplace and resident earnings. Data is gained from the Annual Survey of Hours and Earnings (ASHE) 2019 and demonstrates gross weekly pay at a national, LLEP area, local authority and district level.



Source: Office for National Statistics, Annual Survey of Hours and Earnings, Workplace and Resident Analysis, 2019

Workplace Earnings

Areas in red demonstrate where wages are lower than average.

Workplace Earnings - All				
Area	2019	Growth 2011 - 19	% Growth 2011 - 19	National Difference 2019
LLEP Area	525.1	na	na	-66.3
Leicester	495.1	30.7	6.6	-96.3
Leicestershire	536.6	66.7	14.2	-54.8
Blaby	530	31.6	6.3	-61.4
Charnwood	548.3	68.7	14.3	-43.1
Harborough	485.8	30	6.6	-105.6
Hinckley & Bosworth	580.1	109.2	23.2	-11.3
Melton	487.9	56	13.0	-103.5
North West Leics	542.7	63.6	13.3	-48.7
Oadby & Wigston	502	111.3	28.5	-89.4
England	591.4	87.4	17.3	na

Source: Office for National Statistics, Annual Survey of Hours and Earnings, Workplace Analysis, 2019

Observations

- England median workplace earnings in 2019 were £591.40. In the LLEP area they were £525.10. This is £66.30 below average. In Leicester the figure is £495.10 (£96.30 below average) and Leicestershire £536.60 (£54.80 below average).
- All local geographies had lower than average workplace earnings.
- In Harborough median workplace earnings were £485.80. This is £105.60 below average. In Melton the difference was £103.50.
- Locally median workplace earnings in 2019 were highest in the Hinckley and Bosworth district £580.10.
- The gap between local and national figures over the period 2011 to 2019 has grown in all cases except Hinckley and Bosworth and Oadby and Wigston.

Resident Earnings

Resident Earnings - All				
Area	2019	Growth 2011 - 19	% Growth 2011 - 19	National Difference 2019
LLEP Area	543.5	na	na	-47.8
Leicester	457.5	55	13.7	-133.8
Leicestershire	583.3	87.6	17.7	-8
Blaby	596	89.6	17.7	4.7
Charnwood	598.8	119.4	24.9	7.5
Harborough	607	49.8	8.9	15.7
Hinckley & Bosworth	567.9	47.1	9.0	-23.4
Melton	512.7	53.7	11.7	-78.6
North West Leics	596.8	111.9	23.1	5.5
Oadby & Wigston	554.8	67.2	13.8	-36.5
England	591.3	86.6	17.2	na

Source: Office for National Statistics, Annual Survey of Hours and Earnings, Resident Analysis, 2019

Observations

- English median resident earnings in 2019 were £591.30. In the LLEP area the figure is £543.50, in Leicester £457.50 and Leicestershire £583.30.
- Resident earnings in the LLEP area are £47.10 below average. In Leicester they are £133.80 below average.

- There are significant differences between resident and workplace earnings. In all the geographies identified workplace earnings were lower than average. In terms of resident earnings Blaby, Charnwood, Harborough and North West Leicestershire's are higher than average. In the case of Harborough in 2019 they were £15.70 higher.
- Other than Leicester and Hinckley and Bosworth, resident earnings are on average higher than workplace earnings. In the case of Harborough resident earnings are £607 compared with workplace earnings of £485.80 (£121.20 lower). This demonstrates that many residents travel to work outside of, or to other parts of the LLEP area where they can access higher wages.
- Growth in resident earnings over the period 2011 to 2019 was highest in Charnwood and North West Leicestershire.

Employment

The data in the table below is taken from the ONS Business Registration and Employment Survey and demonstrates the employment numbers in the LLEP, local authority and district areas, the share of employment and the growth in employment over the period 2011 to 2018.

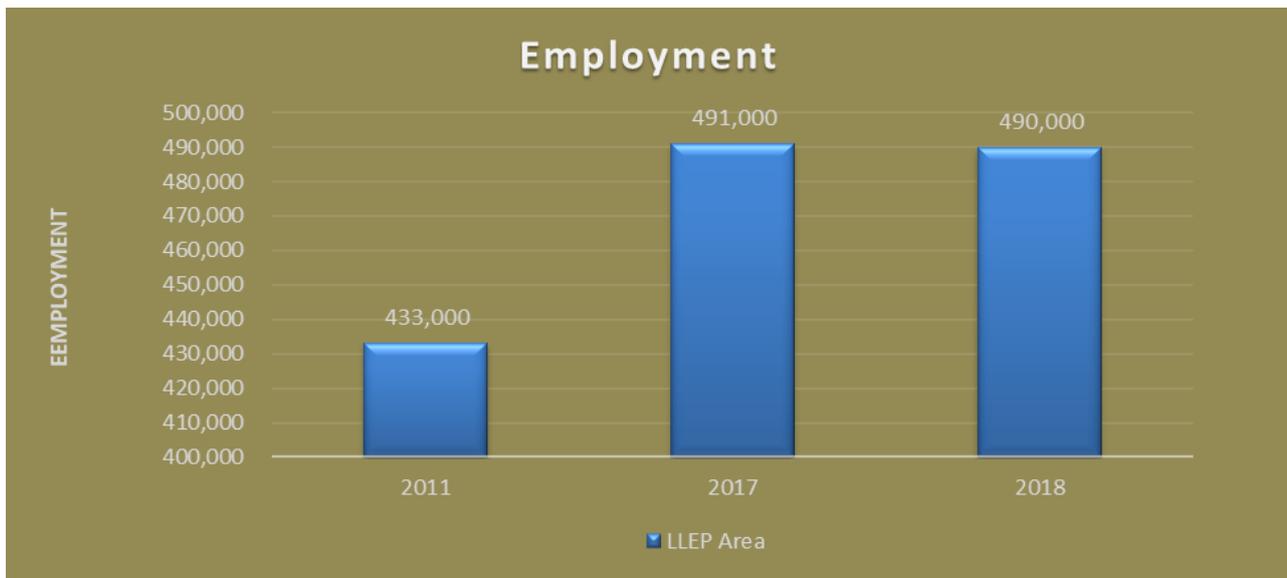
Employment				
	2018	2018 % Share	Change 2011 - 18	% Change 2011 - 18
LLEP Area	490,000	100.0	57,000	13.2
Leicester	167,000	34.1	9,000	5.7
Leicestershire	323,500	66.0	43,500	15.5
Blaby	63,000	12.9	14,000	28.6
Charnwood	68,000	13.9	7,000	11.5
Harborough	43,000	8.8	5,000	13.2
Hinckley & Bosworth	44,000	9.0	4,000	10.0
Melton	23,000	4.7	2,000	9.5
North West Leics	63,000	12.9	13,000	26.0
Oadby & Wigston	19,000	3.9	-	0.0

Source: Office for National Statistics, Business Register and Employment Survey, Employment, Open Access, 2018

Observations

- In 2018 there was employment of 490,000 in the LLEP area. One hundred and sixty-seven thousand (or 34.1%) were in Leicester and the rest (66% or 323,500) in Leicestershire.
- Over the period 2011 to 2018 employment grew by 57,000 (13.2%) from 433,000.
- In Leicester there was growth of 9,000 (5.7%) and Leicestershire 43,500 (15.5%). In England the figure was 11.5%.
- Of the geographies identified Blaby saw the greatest growth (28.6%) followed by North West Leicestershire (26%).
- The district with the largest share of employment in 2019 was Charnwood (13.9% of all employment within the LLEP area).

The data in the graph below demonstrates employment for 2011, 17 and 18.



Source: Office for National Statistics, Business Register and Employment Survey, Employment, Open Access, 2018

The table below provides an understanding of broad sector employment within the LLEP area. The table also demonstrates broad sector employment share and growth in employment over the period 2011 to 2018. Figures are benchmarked against the England average. Those areas in blue demonstrate where there are on average larger shares of employment compared to England. Those areas in red show where there have been falls in employment numbers.

Industry	2018		Growth 2011 - 18	% Growth 2011 - 18	2018		Growth 2011 - 18	% Growth 2011 - 18
	LLEP Area	%			England	%		
Agriculture, forestry & fishing	6,000	1.2	5,300	757.1	348,500	1.3	16,500	5.0
Mining, quarrying & utilities	11,000	2.2	2,000	22.2	318,000	1.2	53,000	20.0
Manufacturing	60,000	12.2	1,000	1.7	2,108,500	7.9	66,500	3.3
Construction	22,000	4.5	2,000	10.0	1,279,500	4.8	142,500	12.5
Motor trades	11,000	2.2	1,000	10.0	503,500	1.9	59,500	13.4
Wholesale	25,000	5.1	1,000	4.2	1,105,000	4.1	94,000	9.3
Retail	42,000	8.6	1,000	2.4	2,510,500	9.4	52,500	2.1
Transport & storage (inc postal)	28,000	5.7	-	0.0	1,301,500	4.8	193,500	17.5
Accommodation & food services	30,000	6.1	6,000	25.0	2,004,500	7.5	365,500	22.3
Information & communication	13,000	2.7	4,000	44.4	1,166,500	4.3	180,500	18.3
Financial & insurance	11,000	2.2	1,000	10.0	911,000	3.4	- 25,000	-2.7
Property	7,000	1.4	2,000	40.0	517,500	1.9	109,500	26.8
Professional, scientific & technical	39,000	8.0	14,000	56.0	2,426,500	9.0	550,500	29.3
Business administration & support services	42,000	8.6	7,000	20.0	2,428,000	9.0	472,000	24.1
Public administration & defence	20,000	4.1	- 1,000	-4.8	1,029,500	3.8	- 117,500	-10.2
Education	47,000	9.6	2,000	4.4	2,318,000	8.6	111,000	5.0
Health	54,000	11.0	6,000	12.5	3,348,500	12.5	350,500	11.7
Arts, entertainment, recreation & other services	24,000	4.9	5,000	26.3	1,216,000	4.5	105,000	9.5
Column Total	490,000	100	57,000	13.2	26,841,500	100	2,778,500	11.5

Source: Office for National Statistics, Business Register and Employment Survey, Employment, Open Access, 2018

Observations

- Manufacturing makes up 12.2% of all employment in the LLEP area. In England the Figure is 7.9%.
- Another key area of employment in the LLEP area is health which makes up 11% of all employment. Nationally the figure is 12.5%.
- Another broad sector that has higher than average employment is mining quarrying and utilities. This is nearly twice the size of the national average.
- The only broad sector in the LLEP area that saw a fall in employment was public administration and defence. This was the case locally and nationally.

- Another fall nationally was in financial and insurance. In the LLEP area there was a rise in this sector area over the period (10%).
- Over the period 2011 to 2019 the broad sector area that saw the largest growth in employment numbers (not % growth) was professional, scientific and technical. This was also the case nationally.

Enterprises

The data in the table below is taken from the ONS UK Business Counts and demonstrates the number of enterprises that are based in the LLEP, local authority and district areas, the share of enterprises and the growth in enterprises over the period 2011 to 2019.

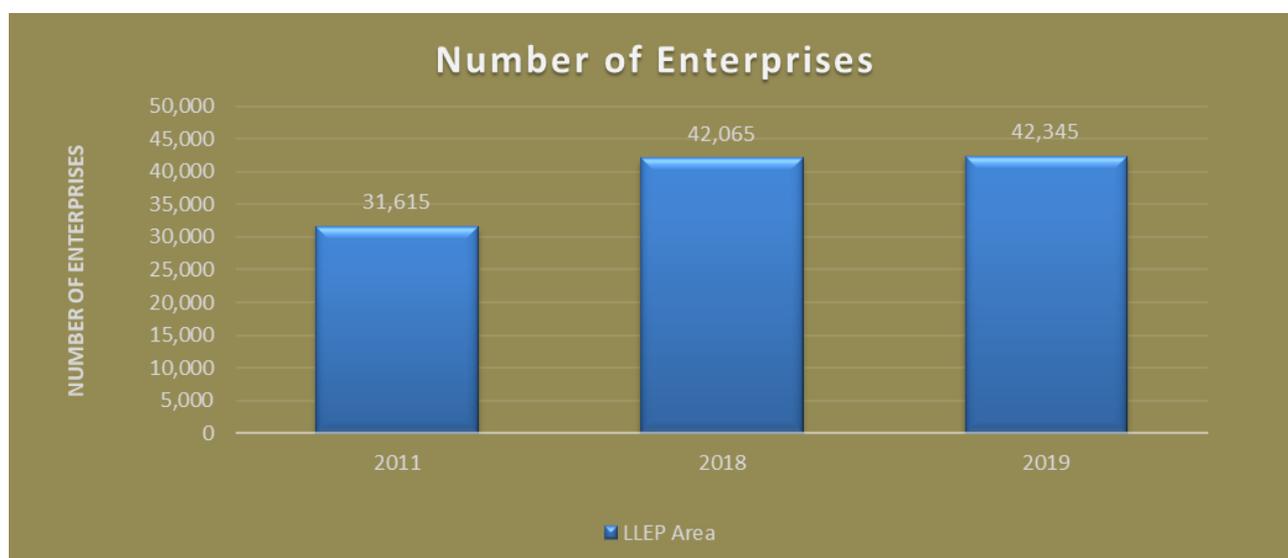
Enterprises				
	2019	2019 % Share	Change 2011 - 19	% Change 2011 - 19
LLEP Area	42,345	100.0	10,730	33.9
Leicester	12,775	30.2	4,745	59.1
Leicestershire	29,575	69.8	5,985	25.4
Blaby	4,085	9.6	750	22.5
Charnwood	6,700	15.8	1,680	33.5
Harborough	5,340	12.6	1,030	23.9
Hinckley & Bosworth	4,635	10.9	810	21.2
Melton	2,560	6.0	405	18.8
North West Leics	4,290	10.1	820	23.6
Oadby & Wigston	1,965	4.6	495	33.7

Source: Office for National Statistics, UK Business Counts, 2019

Observations

- In 2019 there 42,345 enterprises in the LLEP area. Twelve thousand seven hundred and seventy-five (30.2%) were in Leicester and the rest (69.8%) in Leicestershire.
- Over the period 2011 to 2019 the number of enterprises grew by 10,730 (33.9%) from 31,615.
- In Leicester there was growth of 4,745 (59.1%) and Leicestershire 5,985 (25.4%). The figure for England was 32.6%.
- The district with the largest share of enterprises in 2019 was Charnwood (15.8% of all enterprises).

The graph below demonstrates the number of enterprises in the LLEP area for the periods 2011, 18 and 19.



Source: Office for National Statistics, UK Business Counts, 2019

The table below provides an understanding of the numbers of broad sector enterprises there are within the LLEP area. The table also demonstrates broad sector share of enterprises and growth in enterprises over the period 2011 to 2019. Figures are benchmarked against the England average. Those areas in blue demonstrate where there are on average larger shares of enterprises when compared to England. Those areas in red show where there have been falls in the numbers of enterprises.

Broad Sector Enterprises								
Industry	LLEP Area	%	Growth 2011 - 19	% Growth 2011 - 19	England	%	Growth 2011 - 19	% Growth 2011 - 19
Agriculture, forestry & fishing	1,820	4.3	160	9.6	99,650	4.2	7,675	8.3
Mining, quarrying & utilities	185	0.4	85	85.0	11,785	0.5	5,315	82.1
Manufacturing	3,375	8.0	270	8.7	117,785	5.0	11,775	11.1
Construction	4,630	10.9	905	24.3	299,025	12.7	75,670	33.9
Motor trades	1,495	3.5	355	31.1	66,190	2.8	9,620	17.0
Wholesale	2,095	4.9	-15	-0.7	91,520	3.9	-15	0.0
Retail	3,395	8.0	280	9.0	180,725	7.7	22,205	14.0
Transport & storage (inc postal)	2,330	5.5	1,030	79.2	98,425	4.2	42,460	75.9
Accommodation & food services	2,245	5.3	550	32.4	130,080	5.5	25,725	24.7
Information & communication	2,545	6.0	1,005	65.3	209,095	8.9	73,180	53.8
Financial & insurance	2,145	5.1	775	56.6	54,335	2.3	15,570	40.2
Property	1,725	4.1	555	47.4	89,335	3.8	23,560	35.8
Professional, scientific & technical	6,125	14.5	2,090	51.8	422,095	17.9	127,895	43.5
Business administration & support services	3,260	7.7	1,315	67.6	204,825	8.7	80,695	65.0
Public administration & defence	155	0.4	95	158.3	6,895	0.3	4,305	166.2
Education	755	1.8	295	64.1	40,460	1.7	12,390	44.1
Health	1,710	4.0	515	43.1	88,405	3.7	17,570	24.8
Arts, entertainment, recreation & other services	2,365	5.6	475	25.1	150,155	6.4	24,375	19.4
Column Total	42,345	100	10,730	33.9	2,360,780	100	579,955	32.6

Source: Office for National Statistics, UK Business Counts, 2019

Observations

- Professional, scientific and technical and construction enterprises make up a large share of all enterprises (25.4%). These same broad sector areas are the largest in England. Where they differ is that nationally they make up a larger proportion of enterprises (30.6%).
- Sectors where the LLEP area has a significantly larger share of enterprises include manufacturing (8% versus 5%), transport and storage (5.5% versus 4.2%) and financial and insurance (5.1% versus 2.3%)
- Over the period 2011 to 2019 the broad sector areas that saw the largest growth in numbers (not % growth) were professional, scientific and technical, business administration and support services, transport and storage and information and communication.

Enterprise Births and Deaths

The table below demonstrates the number of enterprise births and deaths in 2018 and compares these. It also demonstrates growth in enterprise births and deaths over the period 2011 to 2018, again these are compared. The table also demonstrates an enterprise birth death ratio (number of enterprise deaths divided by the number of enterprise births). Areas in red show where there were more enterprise deaths than births, where there has been larger growth in deaths than births and where the birth/ death ratio is higher than average.

Business Births and Deaths							
Area	2018	Growth 2011 - 18	% Growth 2011 - 18	2018	Growth 2011 - 18	% Growth 2011 - 18	Birth/ Death Ratio 2018
England	340,045	107,585	46.3	320,810	118,445	58.5	0.94
LLEP Area	5,350	1,430	36.5	5,310	1,855	53.7	0.99
Leicester	1,960	720	58.1	2,040	1,005	97.1	1.04
Leicestershire	3,390	710	26.5	3,270	850	35.1	0.96
Blaby	505	65	14.8	410	80	24.2	0.81
Charnwood	890	340	61.8	1,025	510	99.0	1.15
Harborough	530	70	15.2	545	5	0.9	1.03
Hinckley & Bosworth	485	75	18.3	430	75	21.1	0.89
Melton	220	5	2.3	200	35	21.2	0.91
North West Leics	495	110	28.6	430	90	26.5	0.87
Oadby & Wigston	265	45	20.5	230	55	31.4	0.87

Source: Office for National Statistics, Business Demography, 2018

Observations

- In the LLEP area in 2018 there were 5,350 enterprise births and 5,310 deaths. This is a margin of 40 business births.
- In Leicester there were more business deaths than births (2,040 compared to 1,960). This was also the case in Charnwood and Harborough. In Charnwood there were 1,025 deaths compared to 890 births.
- Growth over the period 2011 to 2018 demonstrates that there was greater growth in business deaths than births over this period in all the geographies except Harborough and North west Leicestershire districts.
- The LLEP area, Leicester and Leicestershire all have higher than average (0.94) birth/ death ratios. At a district level they are higher than average ratios in Charnwood and Harborough.
- Birth/ deaths ratios are demonstrated in the bar chart below.



Source: Office for National Statistics, Business Demography, 2018

Business Survival Rates

The table below demonstrates 3-year business survival rates. These are compared with the national average and cover the period 2014 to 2018.

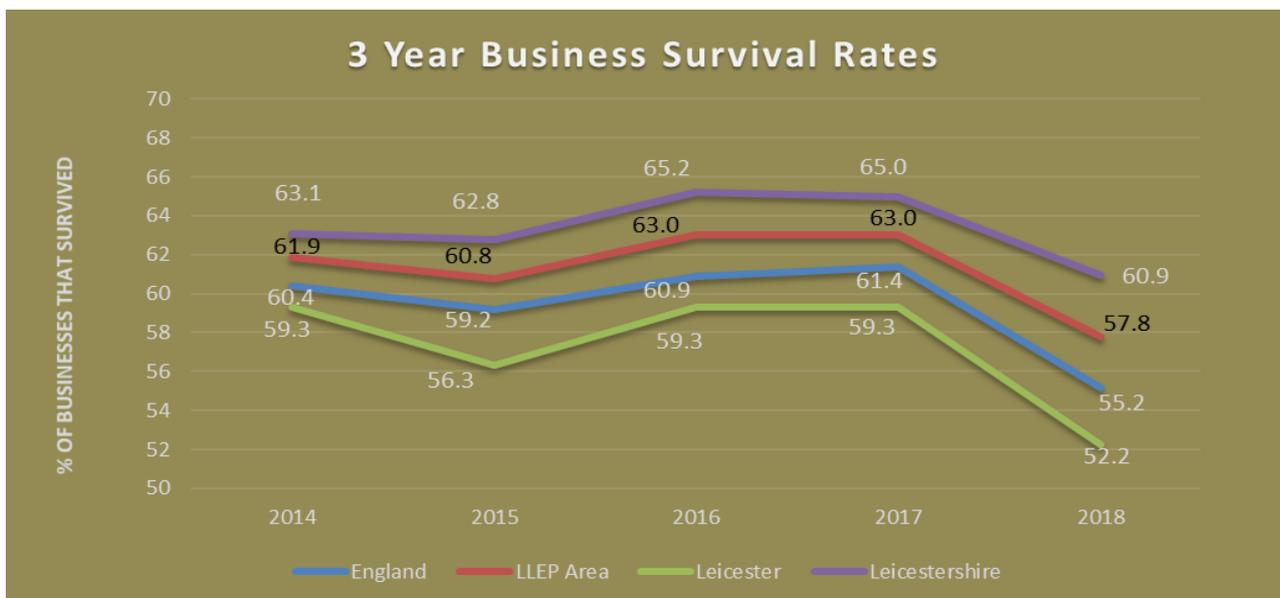
3 Year Business Survival Rates					
	2014	2015	2016	2017	2018
England	60.4	59.2	60.9	61.4	55.2
LLEP Area	61.9	60.8	63.0	63.0	57.8
Leicester	59.3	56.3	59.3	59.3	52.2
Leicestershire	63.1	62.8	65.2	65.0	60.9
Blaby	61.4	59.5	60.0	57.8	56.4
Charnwood	61.8	64.4	63.5	68.0	62.3
Harborough	62.0	64.8	71.7	67.8	60.7
Hinckley & Bosworth	67.1	58.8	67.0	67.7	62.7
Melton	62.8	65.2	68.1	64.6	62.7
North West Leics	63.6	64.3	60.4	62.5	59.8
Oadby & Wigston	63.6	63.0	70.0	64.6	63.6

Source: Office for National Statistics, Business Demography, 2018

Observations

- In 2018 the 3-year business survival rate for England was 55.2% of all business started in 2015. In the LLEP area the figure was 57.8%. In the City it was 52.2% (3 percentage points lower than average) and the County it was 60.9% (5.7% above average).
- From the year 2017 to 2018 there has been a fall in the business survival rates in all the geographies identified. In the LLEP area there was a fall of 5.2 percentage points and in England 6.2%. In Leicester it was 7.1 percentage points and Leicestershire 4.1 percentage points.

The graph below demonstrates survival rates over the same period.



Source: Office for National Statistics, Business Demography, 2018

Gross Value Added (GVA)

The table below demonstrates Gross Value Added at current basic prices.

Gross Value Added at Current Basic Prices (Millions)					
	2011	2017	2018	Dif 2011 - 18	% Dif 2011 - 18
LLEP	19,848,644,800	24,657,898,000	25,680,609,100	5,831,964,300	29.4
Leicester	6,529,000,000	8,100,000,000	8,309,000,000	1,780,000,000	27.3
Leicestershire	13,319,644,800	16,557,898,000	17,371,609,100	4,051,964,300	30.4
England	1,256,578,000,000	1,534,076,000,000	1,593,315,000,000	336,737,000,000	26.8

Source: Office for National Statistics Regional Gross Value Added (balanced) by Industry: all NUTS level regions, 2018

Observations

- In the LLEP Area GVA stands at over 25.6 billion pounds. In Leicester the figure is 8.3 billion and Leicestershire 17.3 billion.
- Over the period 2011 to 2018 GVA has grown by 29.4% in the LLEP area. In Leicestershire over the same period 30.4% and in Leicester 27.3%. At a national level the figure was 26.8%.

The table below demonstrates GVA per head.

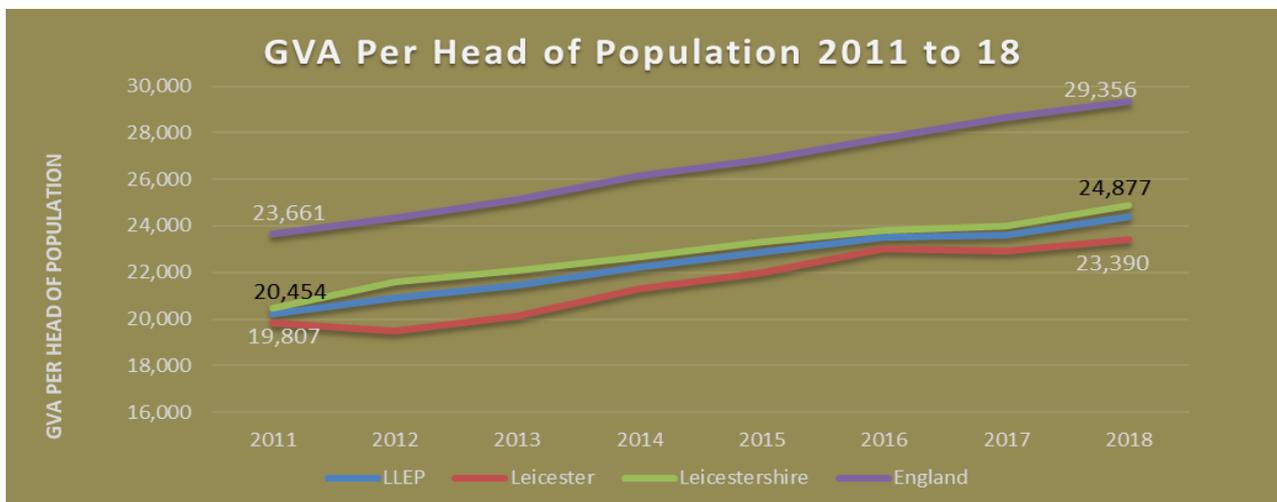
Gross Value Added Per Head of Population (Thousands)					
	2011	2017	2018	Dif 2011 - 18	% Dif 2011 - 18
LLEP	20,237	23,623	24,376	4,139	20.5
Leicester	19,807	22,911	23,390	3,583	18.1
Leicestershire	20,454	23,990	24,877	4,423	21.6
England	23,661	28,647	29,356	5,695	24.1

Source: Office for National Statistics Regional Gross Value Added (balanced) by Industry: all NUTS level regions, 2018

Observations

- GVA per head in the LLEP area in 2018 was about twenty-four and half thousand pounds. Nationally the figure is about twenty-nine and a half thousand. Both Leicester and Leicestershire have lower than average figures.
- In terms of growth over the period 2011 to 2018 this has been stronger nationally. Nationally there was growth of 24.1%. In Leicester it was 18.1% and Leicestershire 21.6%.
- Gross value added at current basic prices and Gross value added per head of population are measures of production. Locally productivity is lower than average.

The graph below demonstrates GVA per head of population over the period 2011 to 2018.



Source: Office for National Statistics Regional Gross Value Added (balanced) by Industry: all NUTS level regions, 2018

Forecast modelling

Context

The impact of COVID-19 will be felt on economies world-wide. However, given the nature of the crisis there is little precedent to be able to predict its length and severity at the present time, giving rise to high levels of uncertainty. To illustrate the potential complexities, more than 50 economists were polled by Reuters, asking for their predictions for economic recovery after the coronavirus, resulting in predictions of at least five differently shaped economic recovery curves.¹

At a local level, therefore, **any forecasting models applied to pre-COVID baseline data will therefore be subject to extreme caution as the situation remains fluid and subject to change.** This paper therefore demonstrates methodologies which might be employed in modelling scenario forecasts for GVA and job numbers given the uncertainty surrounding the longer-term picture and the lag in real-time data availability. Examples are therefore illustrative of approach, rather than providing a future forecast. For both GVA and job numbers, there is a need to understand the potential impact on different sectors. Figure 1 shows the analysis from Centre for Cities which forecasts the likely impact on the different sectors of the economy, and it is clear that some sectors will be more disadvantaged than others.

	<i>Expected economic effects</i>	<i>Sectors (broad categories)</i>	<i>Expected labour market effects</i>
1	Unaffected or higher demand Elevated demand for specific products due to the characteristics of the crisis (high demand in medical equipment or sanitary products) and changed consumer behaviour Elevated or constant demand for public administration and third sector.	<ul style="list-style-type: none"> • Food and essential retail • Healthcare and related services • Chemicals, pharmaceuticals and medical equipment • New leisure activities (computer games, gardening, children's toys) • Support business services such as cleaning services or delivery • School education • Public administration and third sector 	Job creation more likely than job losses Increase in wages may be expected in some industries (efficiency wages)
2	Affected Reduced economic activity but reluctance to immediately lay off workers as there is a basic demand for goods/services and a will to keep a highly-skilled or specialised workforce	<ul style="list-style-type: none"> • Business services (business consulting, public relations etc) • Insurance • Banking and financial services • Media • Forestry and paper • Construction • IT services and telecommunication • Support business services such as call centres • Electronics and electrical 	Relatively constant labour market conditions but decreased wages due to pay cuts Increased use of the Job Retention Scheme (JRS) due to generally reduced economic activities and uncertainty

¹ <https://www.weforum.org/agenda/2020/04/alphabet-soup-how-will-post-virus-economic-recovery-shape-up>

		<ul style="list-style-type: none"> equipment Higher education Freight transportation Textiles Food manufacturing (incl. agriculture) 	
3	<p>Vulnerable</p> <p>Temporary-affected (often lower-skilled) sectors due to closed shops and a strong drop in demand but likely to recover as it is expected that consumers buy at a later stage or high labour intensity. Retail may partly switch to online shopping.</p>	<ul style="list-style-type: none"> Retail and wholesale (excluding food, drug or other "demanded products") Non-metallic minerals Basic metals and metal products Rubber and plastics Machinery and equipment Transport (without air and freight transportation) Film and video production Mining 	Sluggish or decreased demand for workers but limited lay-offs and larger use of the JRS
4	<p>Very vulnerable</p> <p>Immediate negative effects but also expected long term damage and expected slow recovery for specific industries, especially for industries which are capital intensive and may face a change of demand due to changed behavior after the crisis.</p>	<ul style="list-style-type: none"> Fossil fuel producers and distribution Automotive and parts (whole value chain, including tyres) Tourism and business travel Leisure (including sports activities and amusement parks, operation of arts facilities, etc) Aviation Services that cannot performed at home or offered online, nor be postponed (hair and beauty salons) 	Negative long-term labour market effects to be expected Increased use of JRS Increase in lay-offs

Figure 1 Sectoral Impact of COVID-19

Source: https://www.centreforcities.org/blog/what-does-the-covid-19-crisis-mean-for-the-economies-of-british-cities-and-large-towns/#_ftn2

GVA

There are wide ranging predictions on the impact of COVID-19 on GVA. As an example, PwC produce a weekly Covid-19 UK Economic Forecast², within which they model the impact of Covid-19 based on scenarios of both shorter and longer lockdown periods. These can be applied to local baseline GVA figures taken from national data supplied by ONS and disaggregated locally. It should be noted that the percentages used in the examples below are based on an earlier edition of the PwC update published on 15 April 2020, and that since then they have revised their forecasting in the light of further announcements from the government³. The application of these percentages is therefore for illustrative purposes only.

² <https://www.pwc.co.uk/premium/covid-19/uk-economic-update-covid-19.pdf>

³ *ibid*

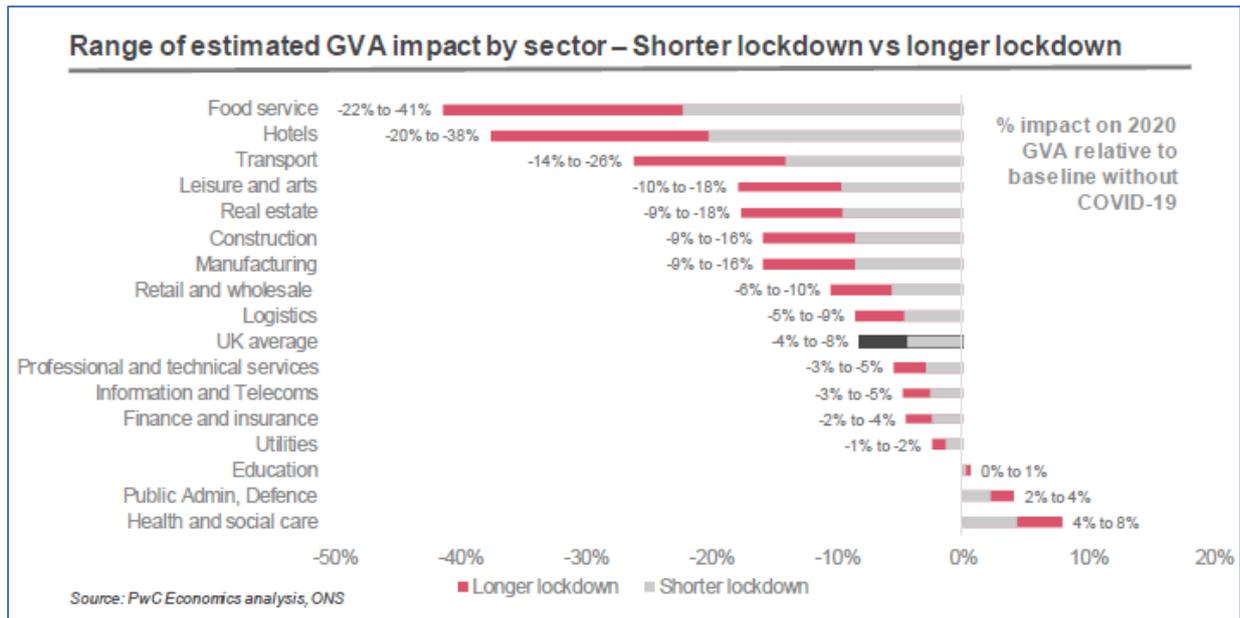


Figure 2 PwC Covid-19 UK Economic Forecast 15 April 2020 -range of estimated GVA impact by sector

Figures 3 and 4 show how the forecast percentage changes predicted in the PwC model could apply to GVA by sector at a local level.

SIC07 code	SIC07 Industry 2018	LLEP Area Sector GVA	Worst Case Scenario	GVA Worst Case Scenario Reduction	GVA Worst Case Scenario % Reduction
A	Agriculture, forestry and fishing	21,649,015	19,917,094	- 1,731,921	- 8
B	Mining and quarrying	157,680,899	145,066,427	- 12,614,472	- 8
C	Manufacturing	3,960,969,400	3,327,214,296	- 633,755,104	- 16
D	Electricity, gas, steam and air-conditioning supply	1,163,201,172	1,139,937,148	- 23,264,023	- 2
E	Water supply; sewerage and waste management	259,190,283	254,006,478	- 5,183,806	- 2
F	Construction	1,767,374,463	1,484,594,549	- 282,779,914	- 16
G	Wholesale and retail trade; repair of motor vehicles	3,193,175,385	2,873,857,846	- 319,317,538	- 10
H	Transportation and storage	1,196,025,315	1,058,592,201	- 137,433,114	- 11
I	Accommodation and food service activities	534,589,598	317,280,487	- 217,309,111	- 41
J	Information and communication	882,646,445	838,514,123	- 44,132,322	- 5
K	Financial and insurance activities	930,085,308	892,881,896	- 37,203,412	- 4
L	Real estate activities	3,020,955,353	2,477,183,390	- 543,771,964	- 18
M	Professional, scientific and technical activities	1,624,145,226	1,542,937,965	- 81,207,261	- 5
N	Administrative and support service activities	1,256,911,922	1,156,358,968	- 100,552,954	- 8
O	Public administration and defence	1,126,181,818	1,148,705,455	22,523,636	2
P	Education	1,887,299,378	1,887,299,378	0	0
Q	Human health and social work activities	1,791,913,105	1,863,589,629	71,676,524	4
R	Arts, entertainment and recreation	483,859,036	396,764,410	- 87,094,627	- 18
S	Other service activities	411,747,097	378,807,329	- 32,939,768	- 8
T	Activities of households	0	0	0	0
All	All industries	25,669,600,219	23,203,509,068	- 2,466,091,151	- 10

Figure 3 LLEP Area GVA Forecast PwC Worst Case Scenario
Source: ONS, PwC

SIC07	SIC07 Industry 2018	LLEP Area Sector	Best Case	GVA Best Case	GVA Best Case
A	Agriculture, forestry and fishing	21,649,015	20,783,055	- 865,961	- 4
B	Mining and quarrying	157,680,899	151,373,663	- 6,307,236	- 4
C	Manufacturing	3,960,969,400	3,604,482,154	- 356,487,246	- 9
D	Electricity, gas, steam and air-conditioning supply	1,163,201,172	1,151,569,160	- 11,632,012	- 1
E	Water supply; sewerage and waste management	259,190,283	256,598,381	- 2,591,903	- 1
F	Construction	1,767,374,463	1,608,310,761	- 159,063,702	- 9
G	Wholesale and retail trade; repair of motor vehicles	3,193,175,385	3,001,584,862	- 191,590,523	- 6
H	Transportation and storage	1,196,025,315	1,120,452,431	- 75,572,885	- 6
I	Accommodation and food service activities	534,589,598	418,228,303	- 116,361,296	- 22
J	Information and communication	882,646,445	856,167,052	- 26,479,393	- 3
K	Financial and insurance activities	930,085,308	911,483,602	- 18,601,706	- 2
L	Real estate activities	3,020,955,353	2,749,069,371	- 271,885,982	- 9
M	Professional, scientific and technical activities	1,624,145,226	1,575,420,869	- 48,724,357	- 3
N	Administrative and support service activities	1,256,911,922	1,206,635,445	- 50,276,477	- 4
O	Public administration and defence	1,126,181,818	1,171,229,091	45,047,273	4
P	Education	1,887,299,378	1,906,172,372	18,872,994	1
Q	Human health and social work activities	1,791,913,105	1,935,266,154	143,353,048	8
R	Arts, entertainment and recreation	483,859,036	435,473,133	- 48,385,904	- 10
S	Other service activities	411,747,097	395,277,213	- 16,469,884	- 4
T	Activities of households	0	0	0	0
All	All industries	25,669,600,219	24,475,577,070	- 1,194,023,150	- 5

Figure 4 LLEP Area GVA Forecast PwC Best Case Scenario

Source: ONS, PwC

Jobs and numbers employed

There were a total of 490,000 jobs in the LLEP area in 2018



Figure 5 Employment Numbers

The Skills for the Future Report in 2018 predicted there would be a growth demand in jobs to 2026. Clearly in view of the current set of circumstance the 'growth demand' in overall jobs will be limited and in a worst case could be negative. However, it is important to note that the 'replacement demand' i.e. opportunities created by workers naturally leaving the workforce will still be a factor. Forecasts previously suggested that this creates a demand for approximately 24,000 workers per year in the LLEP area.

To assess the likely impact on job numbers overall, a methodology has been developed using EMSI data, enabling forecasting by sector with the ability to apply a variable range of retraction percentages per sector together with the 'ripple effect' on jobs in the supply chain. This will allow for basic forecasts of impacts on job numbers by sector. Figure 6 shows the overall impact assuming a 5% overall contraction for every sector. As more granular information emerges on the impact on each sector, a more nuanced application of the relevant percentages per sector can be applied to give greater granularity.

Sector gains/losses (2018 data)

Sector	No. of jobs	Baseline change	Ripple	Total gain/loss
1 : Agriculture, forestry & fishing (A)	2,500	125	31	156
2 : Mining, quarrying & utilities (B,D and E)	11,000	550	138	688
3 : Manufacturing (C)	59,000	2,950	738	3,688
4 : Construction (F)	20,000	1,000	250	1,250
5 : Motor trades (Part G)	11,000	550	138	688
6 : Wholesale (Part G)	24,000	1,200	300	1,500
7 : Retail (Part G)	40,000	2,000	500	2,500
8 : Transport & storage (inc postal) (H)	27,000	1,350	338	1,688
9 : Accommodation & food services (I)	29,000	1,450	363	1,813
10 : Information & communication (J)	13,000	650	163	813
11 : Financial & insurance (K)	11,000	550	138	688
12 : Property (L)	6,000	300	75	375
13 : Professional, scientific & technical (M)	38,000	1,900	475	2,375
14 : Business administration & support services (N)	41,000	2,050	513	2,563
15 : Public administration & defence (O)	20,000	1,000	250	1,250
16 : Education (P)	47,000	2,350	588	2,938
17 : Health (Q)	53,000	2,650	663	3,313
18 : Arts, entertainment, recreation & other services (R,S,T ..	22,000	1,100	275	1,375

Type in change to see the impact

Change %

Figure 6 Sector Impact Calculator
Source: EMSI

