

# Regeneration

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# Inspection

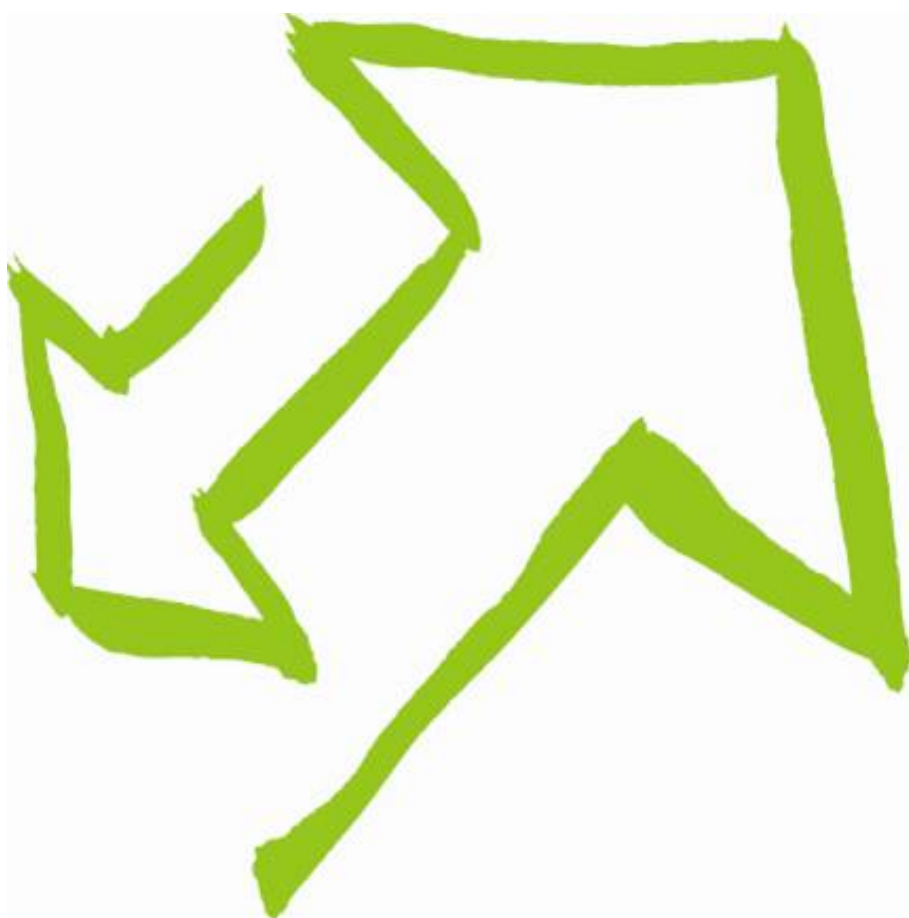
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Leicester City Council

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June 2009

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# Service Inspections

This inspection has been carried out by the Audit Commission under section 10 of the Local Government Act 1999 and is in line with the Audit Commission's strategic regulation principles. These principles embody the objectives of our Strategic Plan and Strategic Regulation. They also reflect the principles from *The Government's Policy on Inspection of Public Services (July 2003)*. Audit Commission service inspections should:

- focus on public service outcomes from a user perspective;
- act as a catalyst to help inspected bodies improve their performance;
- concentrate inspection work where it will have most impact, so that it is proportionate and based on an assessment of risk;
- be based on a rigorous assessment of costs and benefits, with a concern for achieving value for money both by the inspected organisation and within the inspection regime itself;
- be, and be seen to be, independent of the inspected organisation;
- report in public, using impartial evidence to inform the public about the performance of public services so as to enhance accountability;
- involve collaborative working with other inspectorates and external review agencies to achieve greater coordination and a more holistic approach to the assessment of performance by audited and inspected bodies;
- share learning to create a common understanding of performance that encourages rigorous self assessment and better understanding of their performance by inspected organisations;
- be carried out objectively by skilled and experienced people to high standards and using relevant evidence, transparent criteria, and open review processes; and
- enable continuous learning so that inspections can become increasingly effective and efficient.

We assess services using published key lines of enquiry (KLOE) to inform our judgements. The KLOEs can be found on the Audit Commission's web site at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

This report is issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.

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# Summary

- 1 Leicester City Council's regeneration services are good with promising prospects for improvement.
- 2 The City Centre was declining, but the Council and its partners have successfully updated its appearance. The Council has delivered a substantial programme of physical regeneration, which has helped to transform the City as a retail and cultural destination. In partnership the Council has worked well to get local people into jobs and training, particularly through 'Work Highcross' and in the Braunstone area. It has encouraged small businesses and the creative industries effectively and business survival rates are good. A few projects have not yet had the required impact - work on graduate retention has not been ambitious enough and the recession has meant that certain projects have fallen behind due to lack of private sector input. Average earnings in the City remain low and other challenges include attracting high paid knowledge based jobs; helping people to be more literate and numerate; addressing a lack of readily available employment and redeveloping some difficult residential sites and poor quality urban areas. Significant pockets of neighbourhood deprivation with high levels of people unemployed or relying on state benefits remain. But overall the Council with its partners have taken significant steps to transform Leicester as a place to live, work and visit, and public satisfaction with Leicester as a place to live is improving.
- 3 Physical and economic regeneration is a high priority to the Council. The City of Leicester has a culturally diverse population of 280,000 with high levels of deprivation. The Council has clear and ambitious regeneration aims and priorities which seek to tackle some of the City's entrenched problems, both at a neighbourhood and city centre level. These aims are shared and consistent with those of major partners and are at the heart of the Council's activities. The Council works effectively in partnership, sub-regionally and regionally, and has been good at bringing in external funding to support its wide ranging regeneration aims.
- 4 The Council engages with its local communities well and uses its resulting understanding of needs, together with sound research and data analysis, to inform all of its regeneration work. The Council is committed to equality and diversity and this is reflected in its policies and developments. It is less good, though at marketing the new improved city centre and at promoting Leicester more widely.
- 5 The Council is relatively weak at measuring the effectiveness of its performance on increasing prosperity and the impact on quality of life for local people. It is not able explicitly to demonstrate value for money in its spend on regeneration compared with other organisations. It also recognises the need to focus more on assessing how its work has improved people's lives and how it can better use procurement to secure regeneration and value for money.

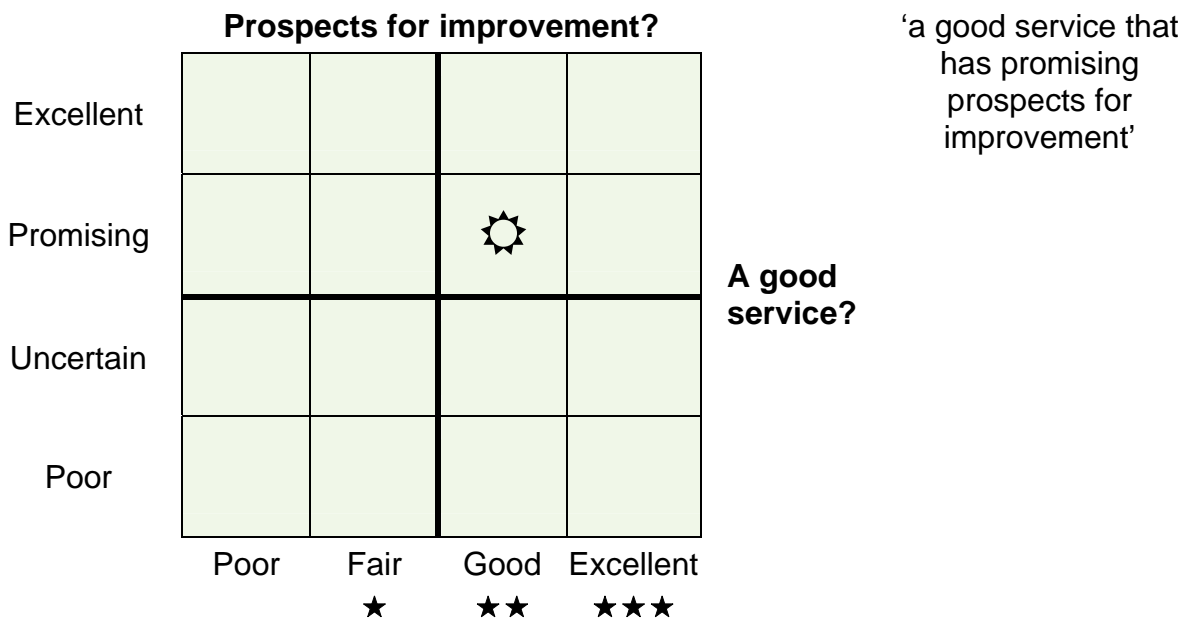
## Summary

- 6 Prospects for future improvement are promising. The Council is providing strong leadership for regeneration both in the City and the sub-region and is good at evaluating schemes and learning from past experience. It has a strong recent track record in delivering physical regeneration in partnership across the City. It is now following a 25-year plan to 2033 through the 'One Leicester' strategy. Its past work with the Leicester Regeneration Company will be taken forward into a new Economic Development Company's immediate priorities. The new Company is part of strengthened and innovative Multi Area Agreement (MAA) arrangements between the City and County Council's and other partners to work together to increase the prosperity of the sub-region. However, the Council has not yet completed its own strategic planning by supporting these plans with contributing strategies and service plans with specific, measurable, achievable, realistic and time based targets to ensure that all services across the Council know how they play a part in regeneration.
- 7 Internally, the Council is increasing capacity through its 'Delivering Excellence' programme, its review of services and the strengthening of its management structure. It is well positioned to continue its innovative One Leicester and MAA partnership working and its track record in successfully attracting considerable external funding. However, the Council now needs to take action urgently to mitigate the effects of the recession for local people and will need to address this through its services.

# Scoring the service

- 8 We have assessed Leicester City Council as providing a 'good', two-star service that has promising prospects for improvement. Our judgements are based on the evidence obtained during the inspection and are outlined below.

**Figure 1** Scoring chart<sup>1</sup>



Source: Audit Commission

- 9 The service is a good, two star service because:
- there are clear and ambitious regeneration aims and priorities which are embedded in the major policies of the Council and which are aimed at tackling some of the City's entrenched problems;
  - there is a clear understanding of need and a responsiveness to service users, businesses and residents. This means that meeting those needs is at the heart of regeneration work, with the service and its projects effectively addressing diversity and equality issues and being easily accessible to users;
  - The Council is working effectively with partners to deliver physical and economic regeneration projects and programmes. These are making a significant difference to the City's infrastructure and helping significant numbers of people, especially from disadvantaged areas, to gain skills, qualifications and jobs;

<sup>1</sup> The scoring chart displays performance in two dimensions. The horizontal axis shows how good the service or function is now, on a scale ranging from no stars for a service that is poor (at the left-hand end) to three stars for an excellent service (right-hand end). The vertical axis shows the improvement prospects of the service, also on a four-point scale.

## Scoring the service

However:

- current approaches to assessing value for money are limited and there is inadequate comparison of performance against other cities and organisations; and
- some important areas are proving difficult to tackle. These include graduate retention and helping young unemployed people. In addition, some physical regeneration projects have fallen behind schedule, due, in part, to the recession.

10 The service has promising prospects for improvement because:

- the Council has a strong track record in delivering successful physical regeneration projects and programmes and is building on this with clear leadership and innovative partnership working at City, sub-regional and regional levels;
- partners are working to a shared and clear long term vision for the development of the City;
- the Council is building capacity to deliver regeneration both through an organisational transformation programme and a management restructuring;
- there is capacity from European Regional Development Fund, Working Neighbourhoods funding and Sub Regional Investment Programme funds to take forward key physical and economic regeneration projects; and
- performance management of regeneration has historically been based on criteria set by funding bodies but is now strengthening, with budgets aligned to priorities and regular and detailed reporting to directors and councillors. Project management is also improving.

However:

- actions to address the impact of the recession, though under way, are not yet sufficient;
- the Council's track record in some services which potentially contribute to prosperity and alleviate deprivation, such as educational attainment and benefits processing, is weak, so this has limited joined up action between services; and
- although there is a clear long term vision for regeneration, the Council lacks clear supporting strategies, for example for 'Talking up Leicester'; also SMART action plans and service plans.

# Recommendations

- 11 To rise to the challenge of continuous improvement, councils need inspection reports that offer practical pointers for improvement. Our recommendations identify the expected benefits for both local people and the Council. In addition, we identify the approximate costs<sup>1</sup> and indicate the priority we place on each recommendation and key dates for delivering these where they are considered appropriate. In this context, the inspection team recommends that the Council should do the following.

## Recommendation

**R1** Ensure that a cohesive set of plans are developed to ensure that the regeneration aims of One Leicester are properly supported:

- update corporate and service plans;
- develop plans to meet relevant One Leicester aims eg 'Talking up Leicester'; and
- ensure that plans are SMART and relate to those of partner organisations.

The expected benefits of this recommendation are:

- a better corporate focus on regeneration and the aims of One Leicester;
- more co-ordinated action within services; and
- better communication of the Councils and partners successes to the outside world and better recognition of internal contributions to regeneration aims.

The implementation of this recommendation will have high impact with low costs. This should be implemented by the end of May 2009.

<sup>1</sup> Low cost is defined as less than 1 per cent of the annual service cost, medium cost is between 1 and 5 per cent and high cost is over 5 per cent.

## Recommendations

### Recommendation

- R2** Develop implementation plans for the Council's options for assisting individuals, businesses and the private sector in the light of the current recession.
- Identify a co-ordinated programme of actions to be started and implemented as soon as possible.
  - Implement appropriate actions at service level urgently.
- Accelerate projects with clear regeneration benefits such as the Science Park and graduate retention initiatives.

The expected benefits of this recommendation are:

- the protection of jobs within the City, for example, through the support of small businesses;
- continued development on appropriate key sites; and
- continuing support to people who are unemployed or not in education or training.

The implementation of this recommendation will have high impact with low costs. This should be implemented by the end of May 2009.

### Recommendation

- R3** Strengthen arrangements for assessing VFM.
- Ensure a basket of measures are in place which reflect One Leicester aims, for example to assess the impact of actions on reducing deprivation and boosting prosperity.
  - Develop cost information within the service and comparison with other organisations providing regeneration services.

The expected benefits of this recommendation are:

- a clearer understanding of the costs of contributing to wider regeneration aims;
- an understanding of whether and how the service and its achievements compare with others; and
- the generating of hard information which will enable informed decisions to be made about the allocation of budgets.

The implementation of this recommendation will have medium impact with low costs. This should be implemented within the current year.

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# Report

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## Context

### The locality

- 12** Leicester City covers an area of approximately 72 square km and is a unitary authority in Leicestershire. With a population of 280,000 it is the largest city in the East Midlands. It is ethnically and culturally diverse with a continually changing profile. In 2007, 60 per cent of the population was white of which 57 per cent were English. The 40 per cent of the population which has an ethnic minority background is predominantly Asian/Asian-British at 28 per cent. Representation of other ethnic minority populations such as Black/Black British, Mixed, and Chinese and other ethnic groups are also higher than regional and national averages. Compared to a national average of 9 per cent, 23 per cent of Leicester's population was born outside of the UK.
- 13** The most recent ranking of deprivation in 2007 put Leicester 20th out of 149 county and unitary authorities, where 1 is the most deprived. However, this ranking is based on 2005 data. Leicester's highest levels of deprivation are across the west side of the City. In Leicester there is little correlation between ethnicity and deprivation. The think tank Centre for Cities has more recently developed an economic prosperity ranking for cities in Great Britain. The rank takes into account local incomes, employment rates, productivity, business stock and enterprise activity, levels of professional employment and the relative size of a local private services sector. This ranking puts Leicester at 51st position out of 64 cities. This is in part due to the lack of highly paid knowledge jobs in the city.
- 14** Employment in the public administration, education and health sectors is above both the regional and national averages and the City also has a diverse business base and a strong small business sector. It has two universities with strong reputations for science and technology and the creative industries. While business survival rates are good, many businesses remain small and the challenge is to grow these into larger employers. The gross average pay for those in Leicester who are in work is low at £373.80 per week, compared to a regional average of £449.60<sup>1</sup>. Other challenges are the retention of graduates in the City; the high proportion (compared to national levels) of people with no qualifications and low literacy and numeracy skills; a lack of readily available employment land; brownfield sites for residential use that are difficult to redevelop; and poor quality urban areas. There are also significant pockets of unemployment and benefit dependency which have exacerbated neighbourhood deprivation.

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<sup>1</sup> ONS annual survey 2008

## Report

- 15 Over the last twenty years Leicester's population has only increased by 3.8 per cent, considerably less than the average population change of 12.1 per cent for the East Midlands as a whole. The largest increase over this period has been in the working age population, with the proportion of older people declining by 16.2 per cent. The population is younger than average, 35.5 years compared to 38.7 years nationally. People who are economically active account for 74 per cent of the Leicester population, with 65.5 per cent in employment in June 2008.
- 16 As a consequence of the economic downturn, unemployment in the City has been rising over the last few months. The proportion of people claiming Job Seekers' Allowance rose from 4.8 per cent in December 2008 to 5.2 per cent by January 2009 (a total of just under 10,000 people), proportionately higher than both the regional and national figures - 3.3 and 3.4 per cent respectively.

## The Council

- 17 The Council has 54 Councillors representing 22 wards. It was returned to overall Labour control in 2007 following a brief period in which the Council was under Liberal Democrat/ Conservative control. Overall, there are 37 Labour Councillors, 8 Conservatives, 6 Liberal Democrats, 2 Greens and 1 Independent. The Council operates the Cabinet and Leader model of Governance.
- 18 The Council is currently appointing a new management team after a period of interim management arrangements and is implementing a transformation programme (Delivering Excellence) to ensure that it has sufficient capacity to be able to deliver its priorities. It has changed the senior management structure so that strategic directors have responsibility for delivering priorities in the sustainable community strategy (SCS) rather than departmental responsibilities. The alignment with SCS priorities is planned to be mirrored in Cabinet responsibilities.
- 19 The Council has four departments - Adults and Housing, Children and Young People's Services, Regeneration and Culture, and Resources. Each department is responsible for specific areas of the Council's service delivery. The Council employs around 15,000 staff from a wide range of professions including casual and temporary staff.
- 20 The latest Comprehensive Performance Assessment in 2008 rated Leicester City Council as improving adequately, demonstrating a two-star overall performance.

## The Council's Regeneration and Culture service

- 21 The current revenue cost of the Regeneration and Culture Department for 2008/09 is £69.6 million of which Economic Regeneration and Planning and Policy account for £2.7 million. Of this, £626,000 is spent on the Economic Regeneration Group.
- 22 The department has carried responsibility for the delivery of a range of externally funded programmes including: Single Regeneration Budget (SRB) 2004-2008 £41 million; European Regional Development Fund (ERDF) 2004-2008 £16.7 million; European Social Fund (ESF) 2006-2008 around £1 million; Neighbourhood Renewal Funds 2006-2008 £16m; Working Neighbourhoods Fund (WNF) 2008-2011 £19.5 million and ERDF 2009-2011 £7.3 million. In addition it has contributed directly to economic regeneration through a range of activities which include provision of business units and support for helping unemployed people back into work.

### The scope of the inspection

- 23 The agreed scope of the inspection is covered by the Audit Commission's key lines of enquiry (KLOE) for regeneration inspections, with an agreed focus specifically on physical and economic regeneration of the City. To this end it was agreed with the Council that the inspection would look in closer detail at two case studies; the Cultural Quarter and the Highcross shopping centre development, and economic regeneration as it has benefited more deprived communities in the City. In depth analysis of deprivation and of the City's work to regenerate neighbourhoods was not included. The Council completed a self-assessment on this basis, using the KLOE.

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# How good is the service?

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## What has the service aimed to achieve?

- 24 The Council has clear and ambitious regeneration aims which are shared with its major partners and consistently placed at the heart of its activities. 'One Leicester' is the City's Sustainable Community Strategy (SCS) developed by the Leicester Partnership. It sets out a 25-year vision for the transformation of the City based on the three themes of 'confident people', 'new prosperity' and 'beautiful place'. The strategy guides the regeneration work of the Council with one of the key priorities being 'investing in skills and enterprise' and regeneration themes including:
- education and skills;
  - job creation;
  - a thriving business community which attracts inward investment and retains graduates;
  - a central role for Leicester in the economy of both the county and the region; and
  - the creation of a vibrant city centre.
- 25 The strategy seeks to address, over the longer term, some of the entrenched problems of the City. These include significantly high levels of people without work and claiming benefits, around a quarter of the workforce being without formal qualifications, a third of local businesses having skills shortages, two thirds of residents having difficulty reading and writing English, relatively low household incomes and relatively high levels of unemployment.
- 26 The regeneration aims of 'One Leicester' are consistently reinforced by a range of Council and partnership strategies. These include the Corporate Plan 2006-2008, the Local Plan, the Leicester Regeneration Company's Masterplan, the Local Area Agreement (LAA) and service level plans which are focused on delivering employment, enterprise and physical regeneration. The Corporate Plan prioritises the raising of skills levels and the promotion of prosperity and new jobs, and links regeneration into wider corporate priorities around sustainability and the 'cleaner/greener' agenda. The Masterplan is an ambitious regeneration programme which focuses on five priority areas which will, together, transform the centre of Leicester. The City Council, is actively supporting implementation. Through this programme significant physical regeneration in the City Centre has been achieved, particularly around better provision of leisure and retail facilities and attracting and supporting business and enterprise. Further development is also underway or planned to attract and retain high quality skills and businesses by further developing a new business quarter, the Waterside area and a new science park.

- 27** The Council's regeneration aims have been successfully translated down to neighbourhood level. Neighbourhood delivery plans are in place for the five most deprived areas of the City and include regeneration objectives such as assisting people back to work, improving employment rates, reducing young people not in education, employment or training (NEETs) and tackling low educational attainment. These delivery plans relate clearly to the overarching aims of 'One Leicester' and show that the Council is taking an inclusive approach which embraces physical, social and economic regeneration.
- 28** The Council recognises the importance of sub-regional cooperation to maximise the impact of its regeneration and has worked innovatively with the County Council and key partners, including the district councils, the universities and government agencies, to negotiate new approaches and structures. In addition to its LAA it now has a Multi-Area Agreement (MAA) which focuses on regeneration outcomes across the City and County. The delivery arm for this is a newly formed Economic Development Company (EDC). The partnership will ensure the alignment of partner's plans and deliver against a range of national indicators including reductions in numbers of people on benefits and young people who are NEET, skill and qualification levels, small business growth, provision of employment land and premises and gains in value for money.
- 29** The Council's regeneration aims have been given further impetus by its winning of external funding and consistent delivery of both European and Government-funded regeneration programmes. Over the last four years the Council has been active, with a range of partners, in delivering significant SRB, NRF, ERDF and ESF programmes which have focused on job creation, access to employment, business start-up and building skill and qualification levels. It is now embarking on further ERDF work, will deliver the Sub Regional Investment Programme (SRIP) account of £28m. It is also delivering a Working Neighbourhoods Fund (WNF) programme which will reinforce the Council's and partners' regeneration work with a further £26.8 million until 2011.

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### Is the service meeting the needs of the local community and users?

#### Do the needs of the local community inform the development of the service?

- 30** The Council has a sound understanding of the needs of its communities. It has a range of good information sources which it uses to develop its understanding of local need. It invests in the Leicestershire on-line research atlas (LSORA) to keep demographic intelligence up to date. Since the start of the recession it has, with partners, commissioned regular reports on the impact of the credit crunch, through the LSORA. These have provided a clear tracking of the impact on economic activity and are being used to inform a developing analysis of the Council's options for refocusing regeneration activities. The Diversity of Leicester report 2008 profiles the local population across groupings which include deprivation, age, ethnicity, education, new arrivals and faith and demonstrates the Council's commitment to maintain an up to date understanding of its communities.

## How good is the service?

- 31** The Council uses its understanding of its communities effectively to inform the development and delivery of its regeneration aims. In Neighbourhood Delivery Plans, which focus on the most deprived areas of the City, there is a detailed critique of the economic and social standing of the areas, an analysis of the provision that is already in place and clear identification of gaps in provision. These then form the basis of the partnership work that takes place, and local people inform and contribute to delivery. This ensures that planning is tailored to need.
- 32** The Council's ability to understand both the detail and overview of need has been used effectively to win external funding. This has included New Deal and Objective 2 and it is therefore apparent that at both sub-regional and local level the Council is using its understanding of communities to ensure that it is delivering services which are needed.
- 33** The Council undertakes extensive and effective consultation and community engagement which informs its core strategies and its programme development. 'One Leicester' was developed with the Leicester Partnership, councillors, staff focus groups, people's panels and one-off key topic meetings along with open invitations to partners and the public to contribute to its development. The Government Office for the East Midlands (GOEM) has praised the Council for its engagement of local communities in developing the Local Development Plan Core Strategy. The Council has also responded constructively to identified weaknesses in engaging with the private sector, who are now strongly represented within the Leadership Board of the MAA, and the emerging EDC. The programme for WNF has been developed in partnership with the key public sector agencies, businesses and the voluntary sector. The Council has adopted a commissioning framework for all programme and project activity to ensure that users are involved in the design of services. This helps to ensure that regeneration initiatives are well informed by and targeted at areas of identified need.
- 34** The Council also works hard to ensure that its work with local communities informs practical delivery of regeneration projects. The successful Public Realm improvements in the City Centre resulted from close consultation with retailers, users and user access groups. And in other areas the Leicester Creative Business Depot (LCB), which provides business incubator units for the creative industries, emerged from an EMDA regional study which was followed up by Leicestershire Economic Partnership research with local businesses. The demand for such provision has been confirmed by its 100 per cent occupancy. Through initiatives such as these the Council can demonstrate that it is effectively targeting its regeneration work.
- 35** The Council is less effective in communicating its intentions and achievements to the outside world. It has produced a brochure called 'Leicester Revealed' which markets the new-look City Centre, but it lacks a sustained marketing and communication strategy around its regeneration projects. There has not been a consistently strong focus on attracting new businesses from outside the area. The Council recognises this and the direction provided by 'One Leicester', the appointment of a City Centre Director and the creation of the EDC, together with its new responsibility for generating inward investment, should help to address this. Effective marketing is crucial in order to maximise the benefits of regeneration initiatives to relocating businesses, visitors and Leicester residents.

- 36** There are good linkages between physical regeneration and work to improve skills development and employment with those in greatest need. The Council sees the regeneration of the City Centre as a means of driving a wider recovery which will benefit all sections of the population. For example, building on existing work by its Job Service Partnership, the Council has supported work through the City Strategy team and other partners to help ensure that of the 2,075 jobs created by the Highcross development a significant number (897) went to residents from deprived areas of the City. Of these, 600 had previously been unemployed or NEET, 106 were lone parents and two thirds were in the BME target group. Other initiatives include work through the Creative Partnerships project to build skills with young people in the most challenged schools and young offenders. This demonstrates the Council's focus on and commitment to diversity and equality in its regeneration work.
- 37** The Council and partners work hard to ensure that regeneration services and facilities are easy to access. The development of a multi-agency, one stop shop (MAC) to support people with skills development and employment in Highfields (one of the most deprived areas in the country) provides local and targeted help. With an aim of providing sustainable employment, the centre has achieved 43 job outcomes in its first year, with 430 people taking part in adult learning and hundreds of people accessing the information services. As part of ensuring that it continues to respond to the needs of its community, the centre will move to Community Association management within the next 18 months. With Highcross, to ensure that jobs went to people from deprived areas, partners undertook an extensive programme of community roadshows (generating recorded contacts with over 5,500 residents) and skills development. Alongside this they developed an Interview Guarantee Scheme with employers in the Highcross development for applicants who reached a defined skill level, with the result that high levels of local people have been employed.
- 38** The Council works hard to ensure that its approach to equality and diversity is effective. It has achieved level 4 of the Equalities Standard and the Regeneration Service has used equality impact assessments to help tailor its initiatives to all community groups. This is apparent in the review of retail circuit/public realm street design by a disability access group and in initiatives such as Highcross, the multi-access centre (MAC) in Highfields, Neighbourhood Delivery Plans and local provision of business space, for example in Ross Walk, Belgrave.

### Outcomes for users and the community

#### Physical regeneration

- 39** The Council with its partners has played a key role in leading and enabling significant physical regeneration in the City. It is having an impact on aspects of its One Leicester longer term vision, for example, through contributing to its 'having a vibrant city centre' aim. It is also meeting 2006-2008 Corporate Plan aims such as 'regenerating the city's housing, open spaces, public transport and access to work and services' and 'promoting new jobs'. Achievements include the following.
- Significant input to land assembly for major developments.
  - The Highcross Centre.

## How good is the service?

- The ongoing regeneration of the rundown St Georges area into the Cultural Quarter:
  - Curve, a new performing arts centre;
  - provision of 55 small business units for the creative industries at the LCB Depot; and
  - the development of the Digital Media Centre, with business incubators, managed workspace units and business support facilities which is on schedule and budget and will open later this year.
- Significantly improved streets and spaces in the city centre and St Georges.
- Servicing and infrastructure for the Science Park.
- Provision of new starter and follow-on workspace at Leicester Business Centre.

This has successfully raised Leicester's ranking in terms of its success as a shopping destination and generated higher visitor numbers in the city centre. In an annual survey conducted by an independent market research company on the best places to shop, Leicester City Centre climbed from 16th place to 11th place between 2008 and 2009. The Council has also helped to meet demand for business units, particularly in the creative industries sector; it has opened up a large site for the development of high-skill enterprises and is bringing back to life areas of the town that had fallen into disuse. Overall this will mean that the city should be better placed to attract new inward investment and start to retain more of its graduates.

- 40 The Leicester Regeneration Company (LRC) which included the Council as a key partner, did not complete all the regeneration schemes it intended to. This is due in part to the timing of the economic recession and its impact on business confidence, particularly on private sector developments. Initiatives such as housing at the Waterside, the new Business quarter and the Science Park are currently incomplete. The LRC partners are seeking to resolve the gap left by lower levels of private sector investment in development sites. For example there are continuing talks with landowners about the type of housing which might be appropriate at the Waterside development, and New Growth Point (NGP) funding is being used to provide access works to encourage private sector investment at Abbey Meadows and to bring forward the building of 119 affordable homes at the BUSM site. The EDC's immediate priorities also include refreshing and completing the Masterplan and generating inward investment, showing that partners consider the slowdown in investment to be a temporary setback.

### Economic regeneration

- 41 The Council has delivered well against its aims for enterprise and skills. With partners, it has delivered a substantial number of new jobs and skills, especially to those living in disadvantaged areas, through the Highcross development. The two existing multi-access centres have also provided access to learning as well as to skills and jobs. It has provided continuing support to the creative industries, through Curve and associated jobs and the LCB Depot, achieving 100 per cent occupancy, and Leicester Business Centre is now two thirds occupied. It has helped 120 previously unemployed people into work via its Job Services Partnership and 28 people into construction work, as well as helping 200 people to gain building qualifications, improving their skills levels and preparing them for the economic recovery.
- 42 A range of externally funded programmes have successfully delivered jobs and qualifications for people in disadvantaged areas. The SRB programme 2004-2008 helped to create 785 jobs, 175 start-up businesses with a 37 per cent survival rate over 52 weeks, 2,200 people accessing employment and 4,365 people achieving qualifications. The ESF programme 2006-2008 achieved an additional 122 people into full-time and 66 into part-time employment, 29 people into further education, 108 people gaining qualifications and 96 people started up in business. This has helped the prospects of those most in need.
- 43 The Council recognises that it has performed less well in some aspects of regeneration. Despite a falling proportion of young people being classed as NEET, numbers remain too high with vulnerable groups being over-represented. Graduate retention in the City remains low and expectations about the MACs have not yet been met. However, Working Neighbourhoods Fund money is being approved for projects aimed at young parents, care leavers, young people with learning difficulties, white working class boys and young people from BME communities, with £650,000 targeted at helping 650 young people into work over the next two years. In addition, in the last year the Council has begun to tackle graduate retention, helping to support 15 graduate start-up businesses. It is developing closer links with the universities, has undertaken a graduate needs analysis amongst small and medium sized businesses and is considering development of a graduate placement scheme within the Council. However for both NEETS and graduates more needs to be done to continue to meet LAA targets and those also included in the MAA.
- 44 The Council is not yet using its considerable corporate buying power and procurement processes to maximise benefit to local businesses. Although there is an intention to have a buy-local policy, this has not yet been effectively established and partners criticise the Council for what they see as an overly-bureaucratic approach to commissioning and procurement. Greater focussing of the Council's spending into local businesses could help to achieve both regeneration aims around a diverse and prosperous economy and aims relating to sustainability and carbon emissions.

## How good is the service?

- 45 Satisfaction with the Council's approach to regeneration is improving. In 2008 an independent survey showed that more residents are satisfied with Leicester as a place to live - up from 77 per cent in 2005 to 79 per cent in 2008. The same survey showed that public confidence had increased in arts, culture and entertainment from 61 per cent in 2005 to 72 per cent in 2008, although people living in disadvantaged areas show less satisfaction than those living in other areas. Partners are generally positive about the work that the Council has done and its willingness to listen, learn and respond to feedback. Partners also speak highly of senior officers, although in some parts of the Council, One Leicester is not fully understood as commitment to regeneration is not always consistent, and external partners perceive this as slowing processes down unnecessarily.

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## Is the service delivering value for money?

- 46 Corporately, the Council delivers adequate value for money (vfm). The 2007/08 Use of Resources report shows that it remains a high spender compared to similar councils, having slightly improved its relative position from third to sixth highest spender out of 16 similar councils for 2007/08. However, councillors and officers place a high priority on VFM and routinely review and challenge performance. The Council has exceeded its government efficiency three year target of £21 million savings with a total of £31.4 million, of which £28.5 million are cashable.
- 47 The Council has used its own funding effectively, and has ensured that its partnership projects have attracted external funding. The Council's £17 million Streets and Spaces project was delivered to time and provided a better environment for retail across the City Centre. This also helped to attract the £350 million private sector investment in Highcross, creating a more up-market image. So far, footfall in the Highcross centre has been above expectations. Curve, though substantially over budget, was also funded by Arts Council England, East Midlands Development Agency (EMDA), ERDF and private donors. It is currently running ahead of its usage targets, having, after only four months, attracted over half of its yearly figure, with audience figures just above the national average. Amenity costs are below expectations and 65 full time jobs have been created. The £20 million Digital Media Centre has private and public sector funding and is running to budget and to time, and the LCB Depot, costing £4.75 million, was funded by the Council, European Objective 2, LSEP and EMDA. Occupancy levels at the Depot are 100 per cent. The Council is keen to understand whether its work in the cultural quarter has been effective and has commissioned an external evaluation. The draft report concluded that although work is still progressing, the Council and partners had succeeded in their objectives of regenerating and increasing employment in the St. Georges area, and the area is expected to attract an annual visitor spend of £1.35 million, based on the first four months of Curve's operation.

- 48 The Council's success in delivering efficient and effective regeneration results is recognised by key partners. The success of the Highcross centre compares well with other schemes by the same developer, for example in Birmingham and Bristol. Sub-regional and regional partners also compare the Council's approach and achievements favourably with that of other councils in the East Midlands. Approaches to skills development and job placement, for example, developed through City Strategy, and in the provision of the MACs, have brought together a range of partner organisations and led to better streamlining and use of resources and services which are more focused on the needs of users.
- 49 Measurable costs in the Council's regeneration and planning services are stable or improving but not benchmarked against other organisations or cities. The Council has aligned its services to need as much as possible but historically this has also meant alignment to specific funding programmes. Costs are directly proportionate to and controlled by the programmes they relate to. In other areas of the service, budget cuts of £500,000 have led to a review of how things are done, a shift away from direct service provision and consequently a reduction in staffing and associated costs. In planning, a similar review has led to reduced support costs while there have been reduced costs per head of population and improvements in the speed of processing of planning applications. The EDC is resulting in better value for the public purse. So far there have been economies and efficiencies through the closure of the Leicester Shire Economic Partnership, pooling of resources and the strengthening of the Council's role in research and monitoring. However, whether in programmes or direct work, the Council does not have criteria for comparing its costs, staffing levels or achievements either internally, or with other councils or areas. This means that programme monitoring has taken precedence over VFM analysis, leading to a focus on programme outputs rather than overall impact on the City's prosperity.
- 50 This piecemeal approach has meant that value for money as measured by impacts has been mixed. The Council is not able to demonstrate, explicitly that its spending on regeneration has led to a reduction in deprivation. 'One Leicester' implies a corporate approach to this, for example the regeneration service alone cannot improve performance on education, health inequalities or benefits processing. This understanding is spreading in the Council but is not embedded in all services. A joined up corporate approach over the long term, for example, in improving educational attainment, is important to ensuring that knowledge based businesses are attracted and a sustainable and effective approach to all aspects of regeneration is developed.

## How good is the service?

- 51 Since the Public Interest Report into its procurement practices in housing services in 2007, the Council has made improvements to its corporate approach to procurement but this is not consistently apparent within regeneration activities. There have been substantial savings across the Council over the last five years due to improved procurement. The Council is a member of the Eastern Shires Purchasing Organisation, works with the Regional Centre of Excellence and uses the West Midlands Common Standards for Equality in every tendering exercise. The benefits of this approach are demonstrated in some projects such as Streets and Spaces. Here, while much of the work was done in-house, contracts of over £1 million were put out to tender, with framework contracts already having been negotiated so that time would not be lost in prolonged tendering processes. In addition a cost consultant was appointed to ensure value for money, with profits or excesses being equally shared with the Council. While the approach to procurement for Curve did not manage to control significant increases in cost, lessons learned from this are now being applied to the Digital Media Centre, which is likely to be completed on time and within budget. This demonstrates that the Council's approach may be improving but needs to become more consistent if procurement is to generate significant efficiencies and savings in the future.

# What are the prospects for improvement to the service?

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## What is the service track record in delivering improvement?

- 52** The Council has had a longstanding commitment to regeneration, enterprise and skills. This is reflected in its previous corporate plan and in its development of ambitious long term projects such as developing a cultural quarter and Curve, and in its growth of workspace provision at Ross Walk and the LCB depot. This has resulted in an innovative new theatre and an increasing amount of small businesses supported over time.
- 53** The Council has invested in long term physical regeneration of the City Centre. Its Streets and Spaces public realm projects were carried out from 2005/06 to 2008/09 and have resulted in a high quality street scene with attractive street lighting and street furniture. It has encouraged private sector investment in retail including the Highcross shopping centre development, offices, housing and workspace and has longstanding partnerships with regional, sub-regional and local organisations with whom it delivers regeneration projects. It is now operating within the 25 year timescale of 'One Leicester' demonstrating a sound understanding of the need for long-term commitment to regeneration of the City.
- 54** The Council with its partners has a track record of addressing the local low skill and wage economy. Since 2004 the Council has delivered several large scale externally funded projects which have delivered jobs, training, qualifications and access to employment, as well as support for business planning and start-ups for people from some of the most deprived areas. The Council has progressed well towards its new national indicator targets. Performance against headline targets has been good. The Annual Review 2007/08 for the LAA1 for 2006/08 showed that the majority of the economic development targets were either near or above their targets with a trend of improving performance.
- 55** Sustained initiatives to develop specialist, knowledge-based businesses are being successful. For example, the Council's bold vision of creating a cultural quarter in one of the City's most run down areas has seen Leicester Creative Business Depot supporting and growing creative businesses in this sector. The opening of Curve has created 65 new jobs and provided support to creative business activity, and the Phoenix Square (Digital Media Centre) development opening in October 2009 will create further business units and 61 posts in an arts venue. This demonstrates a commitment over time to developing potential within the City.

## What are the prospects for improvement to the service?

- 56** The Council's work in neighbourhoods has strengthened over time. In Braunstone it started as the accountable body for development work there, but decided to step back in 2002. Since then the Braunstone Community Association with the Council as a board member has led neighbourhood work. This has required the Council to be a strategic partner and it has been effective in delivering new buildings such as the Braunstone Leisure Centre and the BRITE Centre (library). Working in partnership, the Council has also been effective over time in helping to improve the quality of life in Braunstone. In 2008, 82 per cent of local people were very satisfied with the area in which they lived, compared to 62 per cent in 2002. Crime has gone down, worklessness has reduced from 18 per cent to 17 per cent, educational attainment has improved with an 8 per cent increase in Key Stage 2 Standard Assessment Tests (SAT) results and 76 bursaries being awarded for first degrees. Health has also improved with a 15 per cent reduction in smoking. This means that targeting activity where it is needed has led to better quality of life in Braunstone over time.
- 57** The Council's track record on indicators which reflect wider prosperity or deprivation aims is mixed. The most recent ranking of deprivation in 2007 put Leicester 20th out of 149 county and unitary authorities for deprivation in 2007, which makes Leicester more deprived than in 2004, when it ranked 29 (where a rank of 1 is most deprived). Average gross weekly pay which is a measure of prosperity in Leicester City has continued to be the lowest in the region, although this increased from £364 in 2006 to £373.8 in 2008. Workplace earnings are also below the regional average. Unemployment fell in 2006/07 from 9.3 per cent to 8.1 per cent but then rose in 2007/08 to 11.2 per cent. This is over twice the regional unemployment rate of 5.4 per cent. Incapacity benefit claimants fell from 8.4 per cent to 8.2 per cent in 2006 but then increased slightly from 8.2 per cent to 8.3 per cent in 2008. On a positive note, working age employment rate for disabled people has increased from 38 per cent to 42 per cent between 2006 and 2008. Performance on council benefits processing has been consistently poor, affecting the most disadvantaged people adversely. Although the Council now has a plan to address this, the lack of a cohesive approach between Council services has limited impact in the past.
- 58** Track record on skills and training related indicators is also mixed. At the end of 2007/08, educational attainment for 15 year olds was improving from a low base, and the level of NEETS had fallen in line with regional and national trends. Care leavers in employment education or training in Leicester increased from 50 per cent to 82 per cent between 2006 and 2008. This improvement was well above the national average. Although no recent information is available, between 2005 and 2007 the percentage of working age population in Leicester with NVQ 4 although lower than the national level, increased more than nationally or regionally. Educational levels are important in attracting knowledge based businesses but also to ensure that local people have good earning prospects.
- 59** The Council acknowledges that some aspects of its work have a weaker track record. Although its work on encouraging graduates to set up business is of high quality it is still at the early stages, with limited impacts so far. Not all aspects of the Leicester Masterplan have advanced at the same rate and work on the Science Park, which is important for establishing and attracting knowledge based jobs and Waterside developments has slowed down.

## What are the prospects for improvement to the service?

- 60 Action specifically designed to mitigate the effects of the economic downturn has so far been limited, with some initiatives at service level. There are examples of the Council using programme funding to bring forward affordable housing development and access arrangements such as at the BUSM site. Targeted activity is also planned through the Multi Access Centre programme which will provide employment advice and support where these are most needed. However, the delay in a more comprehensive approach is due to restructuring at senior level within the Council and staff changes within the regeneration services, together with a desire to ensure that options are thoroughly considered and coordinated before action is taken. A full, cross-Council options appraisal has already been considered by senior management and is soon to be considered by Cabinet. This needs to be followed by urgent action, as in a recession delays in taking action could result in increased business failure and job losses.

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## How well does the service manage performance?

- 61 The Council has a strong vision for regeneration which is shared by partners. This is identified through the One Leicester strategy which aims to benefit the most disadvantaged people and is segmented into tangible ambitions. It identifies strengths and opportunities and economic, social and physical barriers. The strategy continues the vision that was already in place for the City and has aims for 'New Prosperity' and 'to make Leicester a Beautiful Place'. The Council has already shown its commitment to this vision through the delivery of its ambitious physical regeneration projects which have transformed the City Centre.
- 62 The Council demonstrates strong leadership in regeneration. Together with Leicestershire County Council they are the first partnership to embark on innovative MAA arrangements which combine urban and rural concerns. Working relationships between the two councils, at senior officer and councillor levels are very strong. One of the key aims of the 'One Leicester' vision for employment and enterprise is to establish an Economic Development Company to release additional expert capacity to deliver physical regeneration, business support and inward investment. This came into operation in April 2009 and the emerging sub-regional approach will provide an opportunity to better focus on need in the wider Leicester travel to work area and remove duplication of arrangements between the partners.

## What are the prospects for improvement to the service?

- 63 Strategies and plans for the future are rapidly becoming clearer and partners are aligning their plans well. The EDC is currently developing its delivery plans and will confirm its priorities in April, but it will take forward relevant projects in the short to medium term. It plans to refresh the current city master plan and continue with work developing the railway station areas, Wolsey Island, the Science Park, and planning interventions in St Georges. In addition, areas such as the Waterside represent longer term opportunities. Work on the economic assessment is also under way ahead of timetable and will provide detailed information for the single economic strategy for the sub region. This will result in clear medium to long term priorities and action plans. The Council is currently agreeing its new corporate plan (2009/13) and service plans will flow from this. The corporate plan includes clear and measurable targets which reflect the MAA and LAA arrangements and these will guide service plans, which are not yet in place. For example, targets will include increasing the proportion of population qualified to at least level 2 or higher from 55.8 per cent to 61.8 per cent in 2011; supporting 1115 businesses by 2013 and increasing employment rates so that the percentage of working age people on out of work benefits is reduced from 16.7 per cent to 15.3 per cent by 2011. Clarity about targets and cohesive planning helps ensure that effective action is taken, and that all Council services can understand how they will contribute to regeneration.
- 64 The MAA partners have taken steps to ensure that funding is aligned to priorities. The partners are developing a draft sub-regional investment programme which covers all existing funding streams such as ERDF, and have recently worked with EMDA to reprioritise projects and to agree a mechanism for the MAA Leadership Board and Coordination group to hold back or speed up projects. The Coordination Group has already suggested that funding for certain projects should be released, indicating their wish to make a difference for local people.
- 65 Performance management of regeneration has historically been programme led but is now strengthening. There is a new performance management framework to guide the drafting of a new regeneration service plan which will measure and monitor a suite of indicators based on national indicators and local indicators and proxies. The service is also working on how it can better monitor outcomes rather than outputs. Performance against these performance indicators is currently reported at Corporate Director's Board, Cabinet and Performance and Value for Money Select Committee. Councillors receive finance and performance indicator information relevant to regeneration. Performance and VFM select committee receives reports and can ask for further information. Councillors can ask for additional indicators for initiatives they want to track and receive monthly performance statistics by ward. They are also active in looking for best practice and have visited other cities, such as Birmingham, to compare regeneration activity.
- 66 Project management arrangements in the Council are strengthening. Over the last year or so the Council has carried out work to ensure that the practical application of Prince 2 is more consistent and to raise awareness of programme management. The Council has implemented a series of improvements such as introducing a project managers' network so that people can learn from each other; quality assurance checks at points in the process, and a gateway system of approval and developing corporate project standards. Risk is regularly reviewed in projects and leads to open debate about options and difficult decisions.

## What are the prospects for improvement to the service?

- 67** The Council is taking steps to improve its management of VFM in regeneration. It is working towards a more robust approach to financial planning and is aware of the need to have joint financial planning with partners to enable a more rounded view of public spend. It is piloting priority based budgeting and a better use of financial benchmarking. It has tested this out on Local Area Grant allocation and looked at historical spend patterns of previously ring fenced grants.
- 68** The Council is learning from its own experience. Having been largely programme-led for some time, it has reconsidered its approach and is now moving from tendering and direct provision to commissioning and facilitating of work by others, recognising that it is not always the appropriate body to provide services. Dealing with the significant problems with delivering Curve has strengthened the subsequent project management around the Digital Media Centre. Likewise, experience with partners in delivering Work Highcross is now enabling the same approach to skill development to be rolled out into other sectors such as construction and catering. By applying its learning the Council is helping to ensure more efficient delivery of services and projects to the public.

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## Does the service have the capacity to improve?

- 69** The Council is improving its capacity through a number of transformation initiatives. 'Delivering Excellence' is designed to drive transformational change throughout the organisation. It is aiming to bring about cultural change which will lead to improvements in supplier management, priority based budgeting, individual performance management, programme management and a shift to a commissioning, rather than tendering approach. As part of this, it is focusing on 56 projects across the Council where improved project assurance is being put in place. In regeneration and planning this approach, together with learning from past experience is being applied to work in neighbourhoods such as Braunstone, and the City Centre, for example in the project management of the Digital Media Centre. However, while the Council has commissioned a rigorous, external review of the Cultural Quarter, previous reviews of regeneration work have too often tended to be internal and insufficiently challenging. This means that the Council may not always maximise its learning from past work and it may prove difficult to change the current culture at all levels of the organisation.
- 70** Senior management capacity for regeneration is improving. Over the last year the Council has developed a new senior management structure and each of the Strategic Directors has responsibility for a key priority. A director to lead on 'Employment and Enterprise, CO2 Reduction and People Not Cars', ensuring the high profile and priority status of regeneration, was recruited in February 2009. A new head of regeneration has also just been recruited. The recent review of the regeneration service has reduced costs, but has also aligned the regeneration team to future needs, increasing staffing for the Working Neighbourhoods Fund initiative and so ensuring that the service has the capacity to deliver in this key area.

## What are the prospects for improvement to the service?

- 71 Capacity is further enhanced by the work of elected councillors. The Council uses its scrutiny function to good effect in developing its regeneration work. Scrutiny studies have been completed on a range of issues including re-development of the market, worklessness, making the City Centre more family friendly and boosting the evening economy. These have been used to help inform work, for example, on the Highfield MAC, the retail circuit and improving accessibility.
- 72 The new MAA has boosted regeneration capacity within the City and sub-region. The delivery arm, the EDC which came into being in April 2009, already has senior managers and staff, governance arrangements and topic-based strategy and performance groups in place and has a clear view of its overall priorities. There is a tangible sense of purpose, drive and clarity from all key players and a strong commitment from both City and County Councils to make this approach work. By rationalising and strengthening current approaches, notably around inward investment and marketing, with significant input from the private sector, the EDC will continue to raise the profile of the area regionally, nationally and internationally.
- 73 The City is attracting additional funding and resources to take forward its activities. It already has £19.5 million of WNF money which will be used in part to fund a roll-out of MACs across the City, and has also gained significant levels of ERDF funding to take forward its work with some of the most deprived communities. £7.3 million has been secured to undertake a range of projects which have two overarching aims: enterprise and innovation and physical infrastructure and environment. This includes programmes such as support for business incubators linked to Building Schools for the Future and the Cultural Quarter, support for the creative industries sector and intensive business support activities for deprived communities. Funding for projects will be dependent on them proving that they meet requirements both for equalities and diversity and sustainability. In addition, SRIP funds targets at economic development for the sub region total £28m over three years. The appointment of a City Centre Director will help to ensure that investment in the City centre is maximised and that there are strong links between sub-regional and City initiatives, for example around inward investment and marketing.
- 74 The Council recognises that its sub-regional focus demands an integrated approach to policy making. The Council's plans for transport align with regeneration and housing needs, although there is still some transport modelling to be done to ensure that transport developments remain appropriate and sufficient to the major physical regeneration projects in the City. To this end, the Council and its neighbour authorities will test a more sophisticated transport model later in 2009 to check that plans correlate with growth. To ensure that transport capacity is adequate the Council is planning four park and rides, with the first two to be in place by Spring 2010. The first terminus will be at St Nicolas Circle and therefore convenient for the Highcross centre. The Council has overcome recession-related difficulties by finding community infrastructure funding to replace lost private sector funding for the Birstall Park and ride. It is also developing bus quality corridors down main roads into the city centre which also provide cycle routes. This demonstrates a holistic approach to regeneration which will help to ensure a more sustainable way of meeting the increased transport needs of the City.

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