

# Greater Ipswich City Deal



## *A deal for Greater Ipswich, Suffolk and New Anglia LEP*

### **Executive Summary**

The Greater Ipswich City Deal will drive forward local growth by empowering Greater Ipswich, Suffolk and the wider New Anglia Local Enterprise Partnership to make the most of their economic assets and opportunities.

Greater Ipswich has an unprecedented opportunity to grow. In the coming decade there is major development potential in key industrial sectors including energy, ICT, financial services, advanced manufacturing, logistics, biotechnology and agri-tech. This City Deal will enable local partners to help develop the skills and business base necessary to ensure residents have the right skills at the right time to secure these opportunities and that businesses have the necessary support and workforce to accelerate the creation of high value jobs.

The flagship proposal for the Deal is the development of a local skills system that is responsive to the needs of employers and supports economic growth. To complement this, a business growth service will be established to provide enhanced support for innovation, improved access to finance and more targeted business support.

Over its lifetime, it is predicted the deal will deliver:

- Over 3,500 young people supported into work, including 2,200 into sustained work
- £10 million new local investment in skills
- 5,000 new Apprenticeships
- 3,000 new high value jobs; 400 new businesses and £100m private sector investment

## Introduction

The Greater Ipswich economy sits within the New Anglia LEP and incorporates the Ipswich Borough Council, Suffolk County Council, Mid Suffolk District Council, Babergh District Council and Suffolk Coastal District Council. Greater Ipswich, a phrase coined by the councils in the area, has an economy worth £8.02 billion GVA<sup>1</sup> with potential GVA growth of 20% by 2019. The area provides 259,600 jobs and hosts 19,730 trading businesses.

Over the next ten years there is significant investment planned and expected around Greater Ipswich and this Deal will help maximise the impact of these opportunities. Figure 1 shows the spread and scale of sector growth on the horizon.

### Figure 1: Growth Potential for Greater Ipswich

- A strong **ICT sector** led by BT's global research facility at Adastral Park has stimulated an ICT cluster both on Adastral Park and the Ipswich Waterfront. Planned expansion at Adastral Park will increase the numbers of **jobs to 6,500** with further spin-off stimulated by *Innovation Martlesham*, our ICT Incubator/University Campus Suffolk (UCS).
- There are over 15,000 **advanced manufacturing** jobs in Suffolk, representing half of the manufacturing sector as a whole.
- Within the emerging **Biotechnology** sector, over 43% of biotech firms have been created in the last decade. Investment in state-of-the-art biotech laboratories at University Campus Suffolk attract new firms and spin outs and complements a second cluster in West Suffolk focused on equine and bloodstock companies including Genzyme, one of the world's leaders in biotech.
- The well established **Financial Services Industries** have a significant opportunity for growth. In the last 18 months Suffolk has seen a significant increase in the number of businesses in the finance and insurance sector with 66% of this increase in Ipswich.
- A significant opportunity for growth in **low carbon, renewable and nuclear energy and advanced manufacturing** jobs. The Suffolk coast will host the 2nd largest wind farm in the world, 1½ times the size of Suffolk, with the potential for **at least 600 direct jobs** plus indirect jobs in the supply chain.
- Suffolk and Norfolk have strong **agri-science** and **agri-tech** research bases in Norwich and Cambridge, combined with ICT expertise in Suffolk, the area is well placed to lead international agri-tech developments.

This City Deal will help achieve Greater Ipswich's long term vision for the local economy:

- A highly skilled and flexible workforce that can respond to the changing demands of our leading technology sectors.
- An internationally significant cluster for research and application of ICT and digital technologies and a new strength in agri-tech ICT applications.
- Recognition as a UK cluster for biotechnology and advanced manufacturing.
- Significant centre in the financial services industries, taking advantage of proximity to London and with particular expertise in the growing technology sectors.
- A strong net contributor to the UK economy with high earning potential and low unemployment.
- An international hub for renewable and offshore energy and the supply chains

<sup>1</sup> East of England Forecasting Model (Oxford Economics, Spring 2013)

## Why do we need the City Deal?

Low skill levels are a potential barrier to growth and are often cited by employers as a key issue hampering growth. In the recent Chamber of Commerce led Business Skills Survey of local companies, half anticipated difficulty in filling roles requiring skills at Level 3 and above<sup>2</sup>. The City Deal aims to overcome the challenges below so the potential opportunity presented by sector growth will not be lost.

The proportion of the workforce qualified to Level 4 and above is 9% below the national average and the proportion of the workforce with no qualifications is 1% above the national average<sup>3</sup>.

The Borough of Ipswich has had a higher rate of youth unemployment than both the national and regional averages for over a decade.

Business start-up rates in Greater Ipswich are 19% below the national average.<sup>4</sup> This Deal will build on action already taken to improve start up support in recent years, including establishing an Enterprise Hub and developing incubator space at UCS and at BT's Adastral Park.

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<sup>2</sup> Suffolk and Norfolk Employers' Skills Survey 2013

<sup>3</sup> ONS Annual Population Survey 2012

<sup>4</sup> 2011, ONS Business Demography

## The Deal

At the heart of the Greater Ipswich City Deal is an ambitious programme to tackle youth unemployment and increase skills. This approach will:

- Place employers at the centre of decision making
- Stimulate significantly increased employer investment in skills
- Increase efforts to get young people into work

To achieve this City Deal Partners will:

- Establish a **Youth Guarantee across Greater Ipswich to support every unemployed 16-24 year old** into work and learning
- Develop a **locally responsive skills system** that maximises the impact of public investment; drives economic growth across New Anglia LEP and **offers effective careers support** to enable young people to make informed choices about their future
- Establish a **programme to maximise local employer investment in skills** and incentivise employers to offer more support to young people, including Apprenticeships.

The Skills Programme will be complimented by a business support package designed to accelerate business growth across New Anglia LEP. City Deal partners will:

- establish a **programme to provide effective business support** including better access to finance, innovation and national support programmes
- **work together to unlock new growth locations** to support the creation of new high value jobs linked to our key sectors

City Deal Partners estimate the deal will deliver:

- Over 3,500 young people supported into work, including 2,200 into sustained work.
- 5,000 new Apprenticeships over the next 5 years.
- £10m additional private and local public investment in skills.
- 3,000 additional high value jobs and 400 new businesses; sector investment of £100m across the LEP by 2016
- A 5% increase in VAT registered businesses by 2019.

## Geography

Although this Deal is led by Greater Ipswich City Deal Partners the majority of the activities will be delivered across New Anglia LEP (NALEP) from the outset. Partners are committed to rolling out the full programme across the LEP once the first phases are complete and have demonstrated what works well.

## Key Elements of the City Deal

### A Youth Guarantee to support every unemployed 16-24 year old into work or learning

We will introduce a new model across Greater Ipswich to support all our young people to reach their potential and make sure that they are either earning or learning. As a result every young person will be given the support to make informed choices about education, to begin an apprenticeship or to find work.

#### The Youth Guarantee

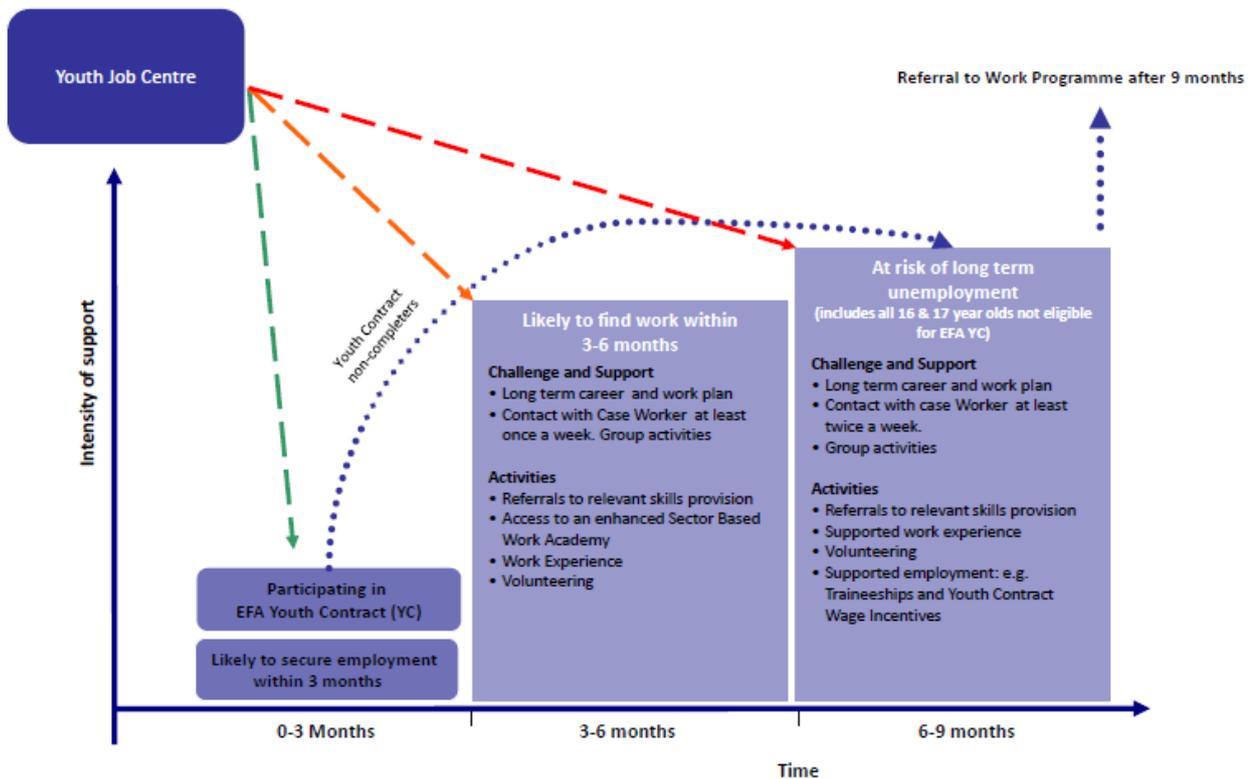
Our long term ambition is to ensure that all young people in Greater Ipswich are equipped to achieve their potential and be successful in the world of work. Our city deal will introduce a transformative '**Youth Guarantee**' across the area. This will ensure every young person (aged 16-24) is either in education, offered an apprenticeship, work related training or work within three months of leaving education or becoming unemployed. Young people who are at greatest risk of long term unemployment, such as those from families leading chaotic lives or with multiple barriers, will be given particular help.

The Youth Guarantee will target all young unemployed people. For those young people claiming Jobseeker's Allowance, participation in the Guarantee will be mandatory, whereas for those not claiming out-of-work benefits participation will be voluntary. Our approach will combine a series of preventative and remedial measures to tackle youth unemployment with a clear focus on providing more intensive support and challenge to young people to engage in education or work.

- From age 15, young people at risk of not being in employment, education or training will receive support to remain in education or progress into an apprenticeship or work at 16. Our aim is to reduce the number of young people who are not in employment, education or training and the flow into unemployment at 18 years of age
- At 18 years of age we will target support at all young people that remain unemployed at varying levels of intensity to reflect need. We will focus this support through caseworkers who will be tasked with providing intensive support and challenge to find and sustain work. The level of intensity of the support will increase proportionately as the time spent out of work increase, as show in figure 2 below.

In return for effective and intensive support young people will be expected to take greater responsibility and advantage of the opportunities available to them and either re-engage in education and training or move off benefits and into work quickly. Those that do not engage risk losing their benefits.

Figure 2: The Youth Guarantee Model



We will introduce a new **Youth Jobcentre** as the delivery vehicle for the Youth Guarantee that will draw on national and international best practice on what works to help young people into education or work. Under this model support provided by Jobcentre Plus as part of the welfare regime will continue, complemented by additional intensive caseworker support. Both Jobcentre Plus Advisors and Caseworkers will co-locate and collaborate to design a personalised and effective route off benefits and into sustained work.

### Jobs for Young People

To complement this investment we will look to drive greater opportunities from our local businesses through two distinct initiatives:

- **A Youth Jobs Campaign** to drive up the number of opportunities for young people across Greater Ipswich. Employers will be asked to make a commitment to helping young people access employment and create a supply of work related opportunities, including work experience placements, work trials, new apprenticeships and opening up existing vacancies for young people. We will also create a LEP wide **employer kitemark** to enable businesses positively to promote their engagement in the Guarantee and other commitments to young people and encourage other business to make a similar commitment.
- **A local apprenticeship and jobs service.** Apprenticeships and traineeships are a key progression route for the young unemployed. There is still significant untapped potential for employers, particularly SMEs, to offer more young people apprenticeships and local partners will work to unlock this. Working in partnership with the National Apprenticeship Service and the LEP-wide business support service to stimulate greater employer demand.

# Developing a locally responsive skills system to drive economic growth

## A locally Responsive Skills System

A private sector led LEP wide Skills Board will be established, which will take responsibility for aligning economic need and local provision, and for securing greater investment in skills from the private sector. The Board will develop the local skills investment strategy, determine priorities based on the LEP and Suffolk Growth Strategies and use objective evidence to understand future need. It will advise on education and training programmes required to support growth. Local councils and the LEP will invest in the development of local skills intelligence and labour market information to support this strategy.

## Informed Young People

The City Deal partners have developed an approach to successfully prepare young people for work. All four elements of this model approach to be working well to give young people the best possible chance of success:

- High quality Information Advice and Guidance including individual face to face support
- Local information about courses and training
- Information about the local economy and potential job prospects
- Learning for and about work and connecting with employers

Figure 3: Careers Support for Young People



Through this Deal local partners commit to:

- Developing an approach, with employers, to help primary and secondary school children get the skills they need to enter the workplace.
- Investing in brokerage that connects young people and employers more effectively, supports the learning framework and builds young peoples' networks in the economy.
- Investing in a package that provides accessible information to young people, parents and advisers about the local economy and job opportunities in Suffolk.

In return, the Government commits to supporting the local area to reinforce the importance of work preparation and transition planning for young people post-16 years old in schools. This approach will support young people to develop a more informed understanding of job opportunities and the sectors which have better employment prospects.

## A New approach to employer investment

To achieve greater levels of private sector investment in skills, local partners will develop a New Anglia Skills Investment Programme using national and local public funding to lever additional private sector investment (targeting small and medium sized enterprises). The Skills Investment Programme will include:

### *a. Local Skills Investment Deals*

The Skills Investment Deals will enable employers, especially small and medium sized enterprises to agree a deal with the Industrial Partnership that matches their money with public skills funding where this will drive growth. These deals will leverage greater employer involvement and local investment in skills at a rate of 3:1. Government will commit Adult Skills Budget to be invested alongside local funds.

### *b. A Direct Employer Payments scheme*

The scheme, which will initially be available across Suffolk<sup>5</sup>, will support greater small and medium sized enterprise investment in apprenticeships and other formally accredited training. Eligible employers will be able to claim back 20% of the value of additional investment they make in skills. This trial is expected to reach a minimum of 500 employers.

### *c. University Technical Training Opportunities for Local Growth Sectors*

The training opportunities will offer University Technical College style provision in areas of more dispersed population<sup>6</sup>. Local partners are committed to introducing this approach in the Financial Services, ICT and Advanced Manufacturing/ Engineering Sectors. Once fully tested, the model will be developed for all growth sectors. The educational programme will offer young people a tailored pathway through vocational and academic qualifications into high value local jobs.

## Enterprise and Innovation

A new business support service<sup>7</sup> will boost economic growth by improving the coordination of local and national business support, making it easier for businesses to find the help they need and introducing a range of enterprise and innovation schemes tailored to the needs of local businesses.

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<sup>5</sup> Funding to support this element is subject to securing funding through an Employer Ownership Pilot bid.

<sup>6</sup> Funding to support this trial is, in part, dependant on securing an Employer Ownership Pilot Bid.

<sup>7</sup> This element of the Deal will be funded through a bid into the Wave 2 Business Growth programme developed by the Cities Policy Unit, BIS and Lancaster University. All commitments in this area are therefore subject to local partners being successful in their bid into this fund.

We will raise awareness and uptake of public and private sector support available at the local and national levels by effectively guiding businesses to the most appropriate support. At the same time, a suite of additional support services, including enterprise and innovation advice, will be introduced to plug gaps in the existing offer and respond more directly to the needs of local businesses.

## **Governance**

The Governance of the City Deal will operate at a number of levels, as appropriate to the geography and focus of each element of the Deal, with all bodies accountable to the LEP, which will be the final decision maker. A structure will be established that will put business in the lead, provide consistent, long term governance of resources for economic growth in the Greater Ipswich area, and will meet the test of both democratic accountability and strong business leadership.

### **The Greater Ipswich City Deal Board**

The Board will be a sub-committee of New Anglia LEP. Its make-up will mirror the LEP with a private sector Chair. The Board will take decisions relating to the City Deal elements for Greater Ipswich, and will provide a forum for a single conversation with business leaders. It will take robust and binding decisions within a governance structure underpinned by a binding agreement between the five Local Authorities setting out their commitment to align their individual and combined economic growth activities and resources to the Deal over the long term.

Role of the Board:

- Prioritising investment proposals and allocating resources to deliver economic growth quickly and responsively
- Overseeing the delivery of the whole City Deal.

The New Anglia LEP has ambitious growth plans and is well rooted in the business communities of Suffolk and Norfolk. NALEP has played a critical role in the development of both the Ipswich and Norwich City Deals and through working together we have been able to develop two complementary Deals that will maximise the benefits across the LEP area. Our collective City Deal proposals are part of the LEP's underpinning strategy within its Single Economic Plan.

### **Governance for Skills**

A LEP Skills Board, reporting to the LEP board, will be established to lead on LEP wide aspects of the skills programme. At Greater Ipswich level the Greater Ipswich City Deal Board will be accountable for local elements of the Deal, act as the Industrial Skills Partnership for Greater Ipswich, including governance for our Employer Ownership Pilot bid and the Greater Ipswich Youth Guarantee. This model will be mirrored in Norfolk.

### **Governance for Business Growth Service**

This coordinating function will be governed by an operating board made up of the main business support providers, local authority and the LEP. This group will provide direction to the New Anglia business support service, assess business needs, identify gaps in business support and monitor quality of advice provided.

## Summary of Commitments

### The Youth Guarantee

Central Government Commitments	Greater Ipswich Commitments
<ul style="list-style-type: none"> <li>• Support the Youth Guarantee concept including the establishment of a Jobcentre for the young, and reallocate £4 million of additional Youth Contract funding to invest in the Youth Guarantee, aligning with investment being sought from an Employer Ownership Pilot bid and additional ESF funding.</li> <li>• The National Apprenticeship Service commits to being an integral part of the Apprenticeship Hub</li> <li>• The National Apprenticeship Service will devolve a ring fenced allocation of 400 Apprenticeship Grants for Employers (AGE) to New Anglia LEP, and agrees to local management of these grants. All Apprenticeship Grants for Employers eligible learners will commence their Apprenticeships by 31<sup>st</sup> December 2014 to qualify for inclusion in the grant programme before the programme ends in April 2015. Funding will be allocated in line with demand.</li> <li>• The Department for Work and Pensions locally will support a pilot, post April 14, for an extended sector based work academy for up to 12 weeks, which will include access for 18 year olds. To achieve this, the local Department for Work and Pensions will transfer the selected claimants on to a Training Allowance for the 7th to 12th weeks of the programme period of the Sector Based Work Academy in two locations, for two sectors, and with a maximum of 12 claimants per cohort.</li> <li>• The Education Funding Agency will work with local providers and City Deal partners to explore the potential for 18 year olds to access Sector Based Work Academies or alternative suitable provision.</li> <li>• Department for Work and Pensions agree to a continued dialogue, routed via local Jobcentre Plus, as the Youth Employment Guarantee is developed and tested.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce the Youth Guarantee and Youth Job Centre in Greater Ipswich, as our response to the 16-24 national review.</li> <li>• Invest in the Youth Guarantee Pilot alongside the Youth Contract funding, and enable us to extend the programme across the LEP.</li> <li>• Design, deliver and evaluate an extended a Sector Based Work Academy pilot in two locations – Great Yarmouth/Lowestoft and Ipswich and two sectors – energy and ICT.</li> <li>• Continued investment of £80,000 pa over the life of the Youth Guarantee for the development of School Work Clubs.</li> <li>• Collective responsibility for the Youth Contract wage subsidies and commitment to creating local solutions to drive up-take, to meet current local targets.</li> <li>• Development of Apprenticeship Service in Suffolk and Norfolk underpinned by a significant local investment across New Anglia LEP to drive apprenticeship participation.</li> </ul>

## The Locally Responsive Skills System

Central Government Commitments	Greater Ipswich Commitments
<ul style="list-style-type: none"> <li>• Commitment to develop a customised service level agreement between the LEP and the Skills Funding Agency for future European Social Fund funding that enables the LEP to have full involvement in provider selection, contract clarification and performance review where required, in addition to the proposed joint approach to tender specification subject to conflict of interest considerations and EU regulations.</li> <li>• Agreement to establish a joint approach to decision making between Skills Funding Agency and New Anglia LEP for future skills funding decisions similar to the Manchester model where the City has worked alongside the Skills Funding Agency on growth decisions and monitoring progress. Model to be agreed for implementation from April 2014.</li> <li>• A commitment that the Department for Work and Pensions and the City Deal Partners work together on applicable contracts relating to youth unemployment and re-engagement activities in the area, to ensure local involvement from initial tender development through to provider selection and contract clarification to overcome agreed training gaps.</li> <li>• Where there are emerging gaps in provision, the Education Funding Agency will work with Ipswich to understand the extent and nature of local needs. This will ensure that any commissioning of new/replacement provision takes into account the specific needs of area and the target groups.</li> <li>• A collective commitment from the Department for Work and Pensions, Skills Funding Agency and Education Funding Agency to work with local partners to resolve the training gap for unemployed 18 year olds.</li> <li>• City Deal partners involvement in the development of skills data packs for LEPs being undertaken by the UK Commission for Employment and Skills through Labour Market Intelligence For All project and the Skills Funding Agency to provide up to date labour market and skills information which is relevant and useable at a local level.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment and ongoing support for a business led Strategic Skills at LEP level and a local City Deal Board that can provide leadership for skills planning, ensure greater involvement of employers and alignment with the local economy in partnership with universities, colleges, other providers, the wider public sector and national funders.</li> <li>• Investment of £100,000 to develop local skills data and intelligence that can enhance existing information, support the work of the New Anglia LEP Skills Board and local City Board and better inform future skills planning and funding investment.</li> <li>• Investment in a Centre for Economic and Social Inclusion commissioned baseline study to underpin decision making.</li> <li>• Commitment to opt into an European Social Fund partnership with the Skills Funding Agency subject to the enhanced agreement set out opposite being in place.</li> <li>• Local publication and promotion of the destination measures for all providers to young people and parents across Suffolk</li> <li>• Investment of £200,000 LA funding in an on-line information platform, which provides access to localised information about jobs and the economy in Suffolk and showcases Suffolk businesses</li> <li>• Investment of £500,000 LA funding in a programme to ensure every young person has the opportunities and support they need to learn about work during primary and secondary phases, develop an understanding of the economy; and a brokerage to connect them with local employers throughout their time at school.</li> <li>• Close working with the National Careers Service to enable a localised careers service offer.</li> </ul>

## The Maximising Local Employer Investment Programme

Central Government Commitments	Greater Ipswich Commitments
<ul style="list-style-type: none"> <li>• To allocate up to £1 million of additional Adult Skills funding over 3 years across the LEP, routed via the existing Local Authority Skills Funding Agency contracts, to provide a 25% contribution to the Local Skills Deals programme. This additional allocation will be deployed as growth when existing Local Authority budget has been used, and used in line with existing Adult Skills Budget eligibility criteria including that providers will be approved on the Skills Funding Agency's Register of Training Providers</li> <li>• A co-design partnership with the Department for Business Innovation and Skills and the UK Commission for Employment and Skills to develop and introduce a direct payments style scheme to encourage small and medium sized enterprise investment in skills and training. A minimum of 500 employers supported.</li> <li>• The Higher Education Funding Council for England will continue to look flexibly at student number control for University Campus Suffolk in line with other niche, recently established institutions in receipt of Strategic Development Fund grants.</li> </ul>	<ul style="list-style-type: none"> <li>• To establish a local Skills Deal programme, bringing together public and private investment to deliver innovative and bespoke packages of skills development.</li> <li>• Up to £1 million of New Anglia LEP/Local Authority investment matched by £2 million of private sector to match the Skills Funding Agency allocation of additional Adult Skills Funding over three years.</li> <li>• A commitment from local Colleges and providers to voluntarily allocate a portion of their Skills Funding Agency income to the New Anglia LEP Skills Board on the basis that the partnership match it with employer investment and determine the skills training that the College and / or provider will deliver for that total funding package (i.e. the sum of the college / provider contribution and the employer contribution).</li> <li>• Introduce and evaluate a direct payments scheme to encourage skills investments from small and medium sized enterprises – in line with current Government thinking.</li> <li>• Following the successful submission of its outline bid, Ipswich Building Society will submit a full bid to the Employer Ownership Pilot Fund in October 2013 to fund key aspects of this City Deal programme.</li> </ul>

## For the Business Growth Service

Central Government Commitments	Greater Ipswich Commitments
<ul style="list-style-type: none"> <li>• Subject to a successful bid into the Wave 2 Business Growth programme, New Anglia LEP will receive funding for a range of bespoke business, innovation and trade support schemes and enhanced coordination of local and national support.</li> <li>• Enhanced offer, activity and engagement from national scheme commissioners and providers, through Memorandums of Understanding with Growth Accelerator, UKTI, Manufacturing Advisory Service and the Technology Strategy Board</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of job creation and private sector leverage targets as agreed in any award from the Wave 2 Business Growth programme.</li> <li>• Development of the Greater Ipswich coordinating function as a stable, locally-based function to improve coordination in the market place for business support.</li> <li>• Match funding from New Anglia LEP, the public and private sector to fund both the coordinating and direct delivery proposals. Investment in</li> </ul>

<p>including:</p> <ul style="list-style-type: none"> <li>• Sharing referral pipelines</li> <li>• Agreement that providers of national government schemes will work with local players on local promotion and development.</li> <li>• Single point of contact with the Technology Service Board.</li> <li>• Consideration of Greater Ipswich's strengths and potential role in one of the National Centres for innovation</li> <li>• Local use of national data and tools to enhance the coordinating function. Integration of national information portals – relevant information previously held on BusinessLink, DirectGov or similar services.</li> </ul>	<p>Suffolk's innovation capacity.</p> <ul style="list-style-type: none"> <li>• Development of Memorandums of Understanding with national schemes to align local aims and objectives and those of Manufacturing Advisory Service, Growth Accelerator, Technology Strategy Board and UKTI.</li> <li>• Active local marketing and promotion of Government schemes.</li> <li>• Potential co-financing provided to help amplify the impact of national schemes where there is evidence of need.</li> <li>• Mapping of business provision across Greater Ipswich and Greater Norwich to ensure national/local resources are focused on areas of need and gaps in provision.</li> <li>• Establish a chain of finance for every stage of development: <ul style="list-style-type: none"> <li>• Increase take up of current schemes</li> <li>• Launch new schemes (Early Loan scheme) and enhance others (New Anglia Growing Business Scheme)</li> </ul> </li> <li>• Delivery of related activity in the Suffolk Growth Plan</li> <li>• Measures to improve business efficiency and growth in Suffolk's low carbon firms.</li> <li>• Development of new partnership between University Campus Suffolk and innovation clusters.</li> <li>• Roll out of a key account management system for better business relations.</li> <li>• Investment in trade development</li> </ul>
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