

Local Enterprise Partnerships Review

Report of the Cabinet Member for Economic Growth, Environment & Development Services:
Councillor I. Pritchard

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Key Decision?

Local Ward
Members



**Economic Growth,
Environment and
Development (Overview
and Scrutiny)
Committee**

1. Executive Summary

- 1.1 Local Enterprise Partnerships (LEP's) were introduced under the 2010 Coalition Government. They are the means by which sub-national economic development policy and delivery is developed and takes place and through which public monies are channelled to support local businesses and local economies. LEP's are intended to be business-led with respective Boards comprising representatives from the private and public sectors. When being set up Government allowed for local decisions to be made on the specific composition of Boards and their respective governance arrangements and the geography over which individual LEP's were effective. Lichfield District falls within two LEP's, that of the Greater Birmingham and Solihull LEP (GBSLEP) and the Stoke and Staffordshire LEP (SSLEP).
- 1.2 In 2018 and following a number of issues relating to operation of LEP's across the country being identified the Government announced a review of LEP's to ensure that they were fit for purpose and capable of implementing national policy emerging under the National Industrial Strategy. This report details the nature of the review and implications for Lichfield District and the GBSLEP and SSLEP.

2. Recommendations

- 2.1 That the Committee notes the LEP Review and the progress made with this.
- 2.2 That the Committee notes the potential implications for Lichfield District of the decision to remove geographical overlaps between individual LEP's.

3. Background

Local Enterprise Partnerships

- 3.1 Prior to 2010 economic policy making and delivery at a sub-national/regional level was provided for by Regional Development Agencies eg, Advantage West Midlands. In 2010 the new Coalition Government disbanded the RDA's and put in place new arrangements intended to allow for more localised and business-led interventions to support business and local economies. Local Enterprise Partnerships was the name given to bodies which would come together formed of private and public sector interests to determine local economic priorities and how these should be addressed. Crucially, Government wished for LEP's to be the conduit for the allocation and spending of public monies on economic development matters.

- 3.2 There are currently 38 LEP's covering England. In the West Midlands there are 4 comprising the Greater Birmingham and Solihull LEP, the Black Country LEP, the Coventry and Warwickshire LEP and the Marches LEP.
- 3.3 When being developed the Government provided very little guidance on how LEP's should be defined or how they should operate. What the Government did say however was that in drawing up boundaries LEP's should as far as is possible reflect functional economic geographies ie. spatially how business and markets operate on a daily basis. Whilst economic geography was a key issue in the formation of LEP's other factors did also play a part and this led to a situation where in some cases LEP boundaries overlapped. In the West Midlands Lichfield District for example along with neighbours Tamworth and Cannock is a member of both the GBSLEP and SSLEP, Likewise Wyre Forest, Redditch and Bromsgrove Council's in north Worcestershire are members of the Worcestershire LEP and GBSLEP.
- 3.4 Since being introduced all LEP's and developed their own governance arrangements, agreed Board membership, formulated a set of local priorities and allocated funding to support business programmes and specific projects. One of the major initiatives that LEP's have worked with Government on is the setting up of Growth Hubs the basis for providing business support to local companies and those people who are considering establishing new businesses. LEP's have been responsible for allocating Regional Growth Fund monies and Growing Places Funds.
- 3.5 As a member of two LEP's Lichfield District Council has been party to the production of economic development strategies covering the GBSLEP and SSLEP; businesses in Lichfield District have access to two Growth Hubs; and, the area has also been successful in drawing down funding to support certain projects including the provision of a new road bridge over the West Coast Mainline in Lichfield to facilitate access to development land (SSLEP), the servicing of new employment land. Although the scheme was ultimately not carried forward funding from both LEP's would have assisted in bringing the former Friarsgate development forward together with public realm enhancements associated with this.

The LEP Review

- 3.6 The 2018 Local Plan Review is seeking to ensure that as the key vehicle for supporting national government in its ambitions all LEP's are properly set up and capable of delivering. Specifically, the Government wishes to see:
- LEP's which are suitably constituted – at present there are a range of arrangements in place. LEP's are legal entities and it is important that constitutionally they are properly set up to be open, transparent and accountable
 - LEP's which are genuinely business-led – membership proportions between the private and public/non-private sector varies across the country. Government believes business-led should mean just this and include a higher proportion of private sector leadership. In the same vein the review is suggesting that LEP's are clearly seen as separate from local government with LEP secretariats independent of such.
 - Improved Gender balance – as part of a review of membership the Government wishes to see a better gender balance on Boards of LEP's and better representation of those with protected characteristics
 - Better accountability – LEP's whilst separate from local government should ensure that they actively engage with local authority scrutiny arrangements
 - Improved consultation with stakeholders – LEP's need to engage with stakeholders and ensure their views help inform policy and decision making better
 - Clarity of geography – LEP's should have clear geographical boundaries with no overlaps and where relevant be coterminous with and reflect in working relationships Combined Authority boundaries

3.7 A number of milestones for implementing the Review have been set out as follows:

- Proposals for new geographies by 28 September 2018
- Detailed plans for implementation of LEP's governance structures by 31st October 2018
- First round of Local Industrial Strategies formulated by March 2019
- LEP Delivery Plans (linked to economic priorities and LIS above) by April 2019
- Legal entities confirmed in company formation by April 2019
- Revised local assurance frameworks in place by April 2019
- Local Industrial Strategies agreed by early 2020
- Revised geographies to come into effect by Spring 2020
- Improved gender balance of Boards by 2020 building towards equal representation by 2023

3.8 Following the instigation of the review LEP's have been undertaking their own review processes to determine the level of changes required to confirm with the Government's stated aims. For some LEP's this has required some major changes being proposed for others less so. Both the GBSLEP and SSLEP have taken proposals to their Boards with a view to responding to Government but to all intents and purposes both feel that they comply or don't need to undertake fundamental changes to be fit for purpose.

3.9 The key areas of debate which have emerged nationally and locally from the review are around the membership of LEP Boards, accountability and the removal of geographical overlaps. The latter of these is proving quite a controversial issue for some LEP's including those affecting Lichfield District.

3.10 A number of respondents to the Government's review have raised concerns at the proposals to strengthen the role of business in the leadership and governance of LEP's arguing that this effectively reduces the inputs and effectiveness of the public sector including local government. Questions have been posed as to whether given the desire for LEP's to be more accountable is there not a contradiction between increased private sector representation and better local accountability, particularly where links to local government would provide for better transparency.

3.11 The more contentious issue is that of the wish to remove geographical overlaps. The government believes that this would help address confusion as to which LEP a business or area is in and make it easier and clearer as to where public monies are being allocated and spent. In terms of the latter the Government is proposing to bring forward a UK Shared Prosperity Fund associated with Local Industrial Strategies – this will be the main fund by which LEP's will be able to assist in realising their locally-defined economic ambitions.

3.12 There are currently 19 overlaps across the 38 LEP's involving about 70 local authorities. Until the instigation of the current review the issue of overlaps had not seemingly been a matter of interest or concern for any party, Government, business or local communities. The response from many LEP's has been one of questioning why any changes are required to geographies other than making things cleaner and simpler to understand. It has been pointed out that many benefits have accrued from the current arrangements including:

- The establishment of new and positive working relationships between partners including local authorities
- The strengthening of ties between adjoining LEP's where overlaps exist so that working relationships benefit both those areas within and outwith overlap portions

- An opportunity for those areas within overlaps to maximise the benefits from joint-membership including working with the relevant LEP's to see how proposed business support programmes and/or projects could be supported.

3.13 Likewise a number of dis-benefits have been put forward if overlaps were to be removed:

- Opens up the possibility of good working relations between partners being undermined
- Could create tensions and competition between adjoining LEP's
- Depending on the drawing of boundaries areas could find themselves in a LEP which does not suitably reflect their functioning economic geography or maintains the same economic ambitions or priorities.

3.14 In the case of the GBSLEP the Board of the LEP has indicated in its representations to Government that it would wish to see the status quo maintained. It argues that it is a LEP of significant size and scale and of national importance; it has developed building upon a strong working relationship with its 9 local authority partners, the private sector, the voluntary sector and academia; it has a strong record of delivery and; has the support of business and other stakeholders. Importantly, it recognises the value of good working relationships with the neighbouring LEP's.

3.15 The Stoke and Staffordshire LEP and Worcestershire LEP are not supportive of maintaining the status quo and would like the geography of the LEP's to be re-drawn on county boundaries – effectively meaning Lichfield District, Tamworth, East Staffordshire and Cannock leaving the GBSLEP and likewise Wyre Forest, Redditch and Bromsgrove doing the same.

3.16 The argument over LEP geographies has come to dominate the review process and to the degree that whilst Government has invited individual LEP's and partners to resolve matters and agree in the context of the stated objectives suitable positions in reality this has not happened. The level and nature of debate over this subject indicates the importance that at least some LEP's and their membership places on the issue and the belief that changes are not required or would be appropriate. In this respect it should be noted that this Council along with other Council's within the GBSLEP met with key civil servants at a meeting just before Christmas to again emphasise their wish to retain the present position without any geographical changes.

3.17 As a result of the above, the Government's stated deadline of agreeing new geographies by 28th September 2018 was missed and other future deadlines are likely to be missed too. Government has now to decide how it wants to progress on this issue.

3.18 The LEP Review is an important exercise reflecting as it does the desire on the part of Government to see LEP's as a key plank in delivering economic growth across England. The review itself identifies a range of themes which have emerged over the lifetime of the 38 LEP's which exist currently. Some of these themes are aimed at ensuring LEP's are properly constituted, have the right governance arrangements in place and are open and transparent in what they do and the decisions they make. There are issue here about the role of the public sector and the means by which decision making will be clear and seen as democratic. It is argued by many that reducing the proportions of public sector participants in LEP's will have a negative effect in this respect. The seemingly controversial issue appears to be that around geography and the arguments for and against removing overlaps and what this could mean for individual LEP's and partners.

Alternative Options	1. None. The contents of the report relates to items to be noted by the committee.
Consultation	1. The report provides details of an on-going review of Local Enterprise

	Partnership arrangements in England. The District Council as a member of two LEP's has been involved in discussions on the issues raised by the review.
Financial Implications	1. These will only be known after the completion of the review.
Contribution to the Delivery of the Strategic Plan	1. The District Council's membership of two LEP's and Lichfield District being covered by the same designations provides a mechanism for attracting support for business and the local economy. A key objective of the Council's Strategic Plan is that it seeks to support the priority of a vibrant and prosperous economy.
Equality, Diversity and Human Rights Implications	1. By providing for a strong healthy economy which allows for jobs and wealth creation the interests of all sectors of the community should be met.
Crime & Safety Issues	1. None.
GDPR/Privacy Impact Assessment	1. No privacy impact assessment has been undertaken.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The review adversely affects Lichfield District's interests	The District Council has communicated its view to the respective LEP's and also fed into responses back to Government by the LEP's.	Yellow

Background documents:
Strengthened Local Enterprise Partnerships – July 2018 MHCLG

Relevant web links:
None