

## GWE BUSINESS WEST AUGUST 2010 LOCAL ENTERPRISE PARTNERSHIPS UPDATE

“The Government will enable locally-elected leaders, working with business, to lead local economic development. As part of this change, Regional Development Agencies will be abolished through the Public Bodies Bill. A White Paper later in the summer will set out details of these proposals. As part of this, the Government will: Support the creation of strong local enterprise partnerships, particularly those based around England’s major cities and other natural economic areas, to enable improved coordination of public and private investment in transport, housing, skills, regeneration and other areas of economic development.”

*HM TREASURY, LOCAL ENTERPRISE PARTNERSHIPS, P.31, JUNE 2010.*

### BACKGROUND

The approach to LEPs and how they should be set up is generating a lot of debate and different approaches.

A short summary of the latest position nationally is outlined below:

- There is already significant activity underway to prepare the ground for the development of LEPs, with local authorities presuming to take the lead
- There is a broad consensus about the importance of Functioning Economic Geographies as the common denominator for LEP boundaries but no clarity or coherence about how these are interpreted
- There seems to be broad acceptance of the role of the private sector in these partnerships but a lack of understanding in local authorities about how this might be encouraged and a concern in the private sector that we will end up with the same old approach
- Functionally, local authorities feel that business support and inward investment should be central roles for LEPs whilst there is emerging guidance that these roles might be led nationally
- From the local authorities there is little enthusiasm for giving LEPs significant responsibility for planning and transport, whilst this would be top of the list for most in the private sector
- Local authorities preferred approach to the development of LEPs is having the flexibility to build pragmatically on existing structures and arrangements which work. The importance of MAAs as a basis for LEPs is high on local authority agendas.

The recent letter from Vince Cable and Eric Pickles set out a clear role for LEPs with further detail about priorities, function, governance and size (29<sup>th</sup> June 2010):

- To provide strategic leadership in their area to set out local economic priorities
- To create the right environment for business and growth
- To tackle issues such as planning, housing, transport, employment, supporting small business start-ups and the transition to a low carbon economy
- Business and civic leaders work together with equal representation on the boards of LEPs and chaired by a prominent business leader
- LEPs should cover functional economic and travel to work areas, bringing groups of local authorities together

Eric Pickles, the Communities Secretary recently called for local authorities and business leaders to submit proposals for local enterprise partnerships to help rebalance the country's fragile economy - without strangling business with red tape and regional quangos.

He said: "We know that when councils and local business work hand in hand they can drive economic growth together and places can be transformed. Local enterprise partnerships are central to this vision which is why we are asking them what they need."

The Government has asked local businesses and councils to develop their proposals ahead of a White Paper on Economic Growth to be published later in the summer. Ministers are determined to have a smooth transition from RDAs to local enterprise partnerships.

Business and Enterprise Minister Mark Prisk hosted a roundtable meeting attended by a wide range of representatives, including some from local authorities, the Confederation of British Industry (CBI), Federation of Small Businesses (FSB), the British Chambers of Commerce (BCC), Centre for Cities, the Local Government Association (LGA) and Institute of Directors (IoD).

Following the meeting, the Government said it anticipated some LEPs will be in place by the end of 2010 so they can shadow RDAs but, according to Cable and Pickles, will only take on some of the responsibilities of RDAs. LEPs will oversee planning, housing, transport and infrastructure, employment, and enterprise and business start ups, while the responsibility for inward investment, sector leadership, innovation, access to finance and business support will shift to Whitehall.

The Government also announced at the end of June that it was setting up a £1 billion Regional Growth Fund which would help areas affected by public spending cuts. However, it is still not clear how this fund will relate to LEPs and there will be no clear information on how LEPs will be funded until the Government publishes a White Paper, which is due "in the summer".

It has also been confirmed by the Government that the BCC and the FSB will both "have a central role to play" in the delivery of LEPs. Mr Pickles met with representatives from both organisations and later announced that they will help to form LEPs with local councils.

## ROLE & PURPOSE OF LEPs

The Government has indicated that it sees existing partnerships, such as multi-area agreements and city-regions as "low hanging fruit". We can probably expect most MAAs to simply rebrand themselves as LEPs.

In most areas of the country, a rough jigsaw of LEP partnerships is starting to emerge. Many areas wishing to join together are providing joint responses to the government consultation. The only regions where there is a lack of clarity on the potential LEP areas are the South-East, East of England and London.

In many parts of the country, there certainly seems to be an appetite for the retention of some form of regional coordination to remain in place to avoid competing LEPs undermining each others' efforts to attract investment. According to experts, some councils have expressed fears of a Darwinist LEP landscape where the fittest survive and the weaker LEPs lag behind. Others point out that distributing European funding on a non-regional basis would require years of negotiation (and possibly confrontation) with the European Union.

Many are lobbying to take on land assets currently owned by their RDAs. The Government has not given any indication as to whether LEPs, will be allowed to do so. Holding land, in addition to

planning powers, would make the LEPs powerful regeneration vehicles. However, many are sceptical that the Government will allow this option, and many fear they will attempt a firesale of RDA land assets on the open market to raise money.

The discussions across our area largely reflect the national picture, with a huge emphasis on sorting out geography and discussing what shouldn't be covered, rather than a focus on the real issues that deal with removing barriers to private sector growth.

## THE GEOGRAPHY OF LEPS

Councils in the North of England have largely taken a joined-up approach within their regions. For instance, all council leaders in the Yorkshire and Humber region sat down together before announcing their planned LEP arrangements, and have called for the retention of some form of regional coordination, they said. However, in the South-East, where the region is perhaps more of an artificial construct, the picture is more bottom-up. Councils around London said they are still unsure if they will be able to join with councils in the capital to form LEPs.

Across our area the approach has been mixed. At a very early stage the councils in the West of England took the decision to form an LEP across the 4 unitary areas and this is now the path they are taking formally. We have been engaged in discussions about role and function, but there was essentially no discussion on geography.

The case for a LEP covering Gloucestershire, Swindon and Wiltshire building on the existing strong economic partnerships in those areas is being developed and in Swindon, an alternative Thames Valley LEP proposal is also being explored. Add to this a desire in Gloucestershire, pursued by Gloucestershire First, for a Gloucestershire only LEP and there is still a very confused picture across much of our patch.

The timescale for submitting bids is short, with these due by 6<sup>th</sup> September.

## PROGRESS ACROSS THE COUNTRY<sup>1</sup>

### North East - 2 or 3 LEPS

- The prospect of a single regional LEP has faded after Tees Valley Unlimited decided to push ahead with its own proposal for a Teesside partnership, leaving the Tyne & Wear City region to either go alone or joining with Durham and Northumberland.

### North West - 6 or 7 LEPS

- Cumbria
- Blackpool & Fylde Coast
- Central Lancashire
- Merseyside
- Pennine & Lancashire
- Greater Manchester
- Cheshire & Warrington

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<sup>1</sup> Allister Hayman's blog on 30 July <http://www.lgcplus.com/briefings/services/economic-development/leps-a-swots-guide/5017743.blog>

- Plus - the sub-regions are committed to retaining 'some form' of residual regional body to take on high level strategic functions and make the case for investment in the NW

### **Yorkshire & Humber - 4 LEPs**

- Leeds City Region: has agreed to submit proposal based on existing geography (including three districts in north Yorkshire and York) rather than a West Yorkshire partnership as has been reported.
- North Yorkshire (York may choose to sit in both North Yorkshire and Leeds City region LEP\*)
- Hull & Humber Ports
- Sheffield City Region (Barnsley will sit in both Leeds and Sheffield LEPs\*)
- Plus - like the NW the LEPs may also create a residual regional body

### **West Midlands - 6 LEPs**

- Greater Birmingham (Solihull has yet to decide whether to join Greater Brum or Coventry and Warwickshire, and may decide to sit in both)
- Black Country (Dudley, Sandwell, Walsall, Wolverhampton)
- Herefordshire, Shropshire and Telford & Wrekin
- Worcestershire
- Staffordshire with Stoke
- Coventry & Warwickshire (possibly including Solihull)

### **East Midlands - 3 LEPs**

- Derbyshire and Nottinghamshire
- Leicestershire, Rutland and Northamptonshire
- Lincolnshire (also in discussions with North Lincolnshire and possibly Hull & Humber)

### **South West - 3+ LEPs**

- Devon & Cornwall
- Greater Bristol
- Bournemouth Dorset & Poole
- Wiltshire and Gloucestershire in discussions, with a range of possible options
- Somerset not clear

### **Greater South East - 10+ LEPs**

- Here things are most messy and uncertain, with county councils courting unitaries to form LEPs based on traditional county council boundaries. Cambridgeshire, for example, is courting Peterborough, but Peterborough wants to form its own LEP with its hinterland, which would include South Holland, Fenland, East Northamptonshire.
- The Partnership for Urban South Hampshire has submitted a bid, while Suffolk, Hertfordshire, and Surrey, are understood to be pursuing single county LEPs.
- Kent may form a LEP with Medway, Norfolk with Norwich, and East and West Sussex are expected to submit a LEP including Hastings and Brighton.
- Oxfordshire and Buckinghamshire may join, perhaps with Slough, Reading, and other unitaries. Milton Keynes, Bedford, Central Bedfordshire and Luton may also form a LEP.