

CEDOS



Chief Economic
Development
Officers' Society

Working for Economic Development

Government response to Lord Heseltine's growth review – Capacity of Local Enterprise Partnership areas

CEDOS information in response to request from HM Treasury

May 2013

Chief Economic Development Officers Society

The Chief Economic Development Officers Society (CEDOS) represents Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas, which together represent over 47% of the population of England and provide services across over 84% of its land area. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives.

GOVERNMENT RESPONSE TO LORD HESELTINE'S GROWTH REVIEW – CAPACITY OF LOCAL ENTERPRISE PARTNERSHIP AREAS

CEDOS INFORMATION IN RESPONSE TO A REQUEST FROM HM TREASURY

INTRODUCTION

1. The Government's response to Lord Heseltine's growth review states that local areas will receive powers and budgets previously held nationally in order to pursue local priorities and that the Government will support areas in building their strategic economic planning capacity so they are able to take advantage of the new policy levers. CEDOS has been asked if we can assist in improving the Government's understanding of the capacity of LEP areas and what support is needed to improve capacity in the context of the design of the Single Local Growth Fund and Growth Deals as part of the spending review.

2. In response, we have consulted our members on the following questions agreed with HM Treasury:

- what drives your LEP's discussions and work programme?
- are there capacity and skills in your LEP area to develop and deliver a joint economic strategy along the lines set out in the Government's response to the Heseltine review?
- what additional Government support will be needed to enable your LEP to develop and deliver a joint strategy?
- what is your local authority doing to support the LEP in your area?
- do you envisage any obstacles to successful working with your LEP?

3. We have received responses from members whose areas are covered by a total of 15 Local Enterprise Partnerships which, given the very tight timescale which had to be given, is an encouraging response. In looking at the responses, it is important to appreciate:

- the uncertainty over the overall size of the Single Local Growth Fund and the funding streams it will cover¹ may have affected the extent to which members have been able to provide information;

¹ Whilst transport, housing and skills have been identified as areas where the Fund will contain elements of national budgets, what these elements will be and what the position will be for the other the funding streams identified by Lord Heseltine, is still to be decided.

- that LEPs are not homogenous and a variety of responses should be expected reflecting the differences in LEP geographies, local economic circumstances, board composition etc.

WHAT DRIVES YOUR LEP'S DISCUSSIONS AND WORK PROGRAMMES?

4. Member responses are set out below. From the responses we have received, LEP discussions and work programmes are driven by the ambition of promoting growth in their areas focused on key priorities identified in their strategic plans, developed to meet the particular economic needs and challenges and make the most of the opportunities of their individual areas. At the same time, inevitably they are also being driven by the Government's developing LEP agenda and successive funding and other initiatives, which are impacting on LEP work programmes and are challenging, particularly for some areas.

Cornwall & the Isles of Scilly LEP

5. **Cornwall Council:** The discussions and work programme are based on economic need and sound business rationale. The development of the LEP strategy has been an iterative process; developed through stakeholder negotiation and discussion, business focused road shows and externally sourced consultants. The work programme is driven by four priorities in the 8 year Strategy: Inspiring businesses to achieve their national and global potential; Creating great careers here; Creating value out of knowledge; Using the natural environment responsibly as a key economic asset. These all support the guiding principle that 'the culture, communities and environment of Cornwall & the Isles of Scilly will remain special and unique'.

Cumbria LEP

6. **Cumbria County Council:** Since their inception, Cumbria and other LEPs have faced a challenging environment. In Cumbria, the LEP has agreed a high level set of key priorities and a business plan which is helping to direct its support for emerging projects and shape its structure, discussions and work programme. However, there has been a constant stream of funding initiatives that the LEP has been required to respond to – often with relatively short timescales – which has taken up a great deal of time of the LEP's agenda.

Dorset LEP

7. **Dorset County Council:** There are a number of factors: (i) the original strategy and action plan launched in 2012, based upon evidence and business engagement; (ii) delivery of actions, such as Growing Places Fund; and (iii) the evolving policy agenda for LEPs and the desire for engagement from a broad range of other partnerships and organisations. The Local Economic Assessment has just been refreshed and will be considered by the Board at its next meeting

and 'away day'.

Greater Cambridge – Greater Peterborough LEP

8. Cambridgeshire County Council: Recently the LEP Board has agreed a draft operational plan for 2013/14 which has been made available for comment. This identifies 5 priority work-streams - the Enterprise Zone, transport, skills, enterprise growth and innovation, and international promotion and trade, which were selected following consultation on a Growth Prospectus, a pragmatic assessment of the resources available to the LEP and the operating context of the LEP. The priorities and associated actions in the plan are the ones which the Board consider to be the most important; where the LEP can make the most impact especially in the short term; and reflect the key issues that need to be tackled in the near future.

Greater Lincolnshire LEP

9. Lincolnshire County Council: The LEP members are driven by a genuine and strong desire lead economic strategy – creating faster growth in the area in which they live and work.

Heart of the South West LEP

10. Devon County Council: Key drivers are - responding to Government initiatives; and some pro-active work driven by local authorities, but given an extra push by the involvement of the LEP. The majority of the pro-active work has been in the form of lobbying, where the LEP wide (and sometimes joint LEP work with Cornwall and Isles of Scilly) approach has been very useful in pressing Government, the EU, strategic bodies such as Network Rail and rail companies such as First Great Western. Examples given of this include tackling flooding of strategic infrastructure, homes and businesses; lobbying for an improved second strategic road route to the South West; lobbying for improved rail services into the region; lobbying for EU transition region status for Devon, Plymouth and Torbay and influencing the Government EU funding agenda, with the drafting of a LEP wide EU funding prospectus.

Hertfordshire LEP

11. Hertfordshire County Council: The LEP's discussions and work programmes are determined by the evidence base set out in a comprehensive economic outlook. Highlighting the underlying sluggishness of the Hertfordshire economy from 2000 onwards, this sets the scene for developing activities to address the underlying causes of the declining growth rate. However, activities to date have largely been constrained by the lack of resources available to stimulate local growth. The work programmes are developed by 4 thematic programme boards - employment and skills, enterprise and innovation, strategic infrastructure and inward investment, and advocacy. Each programme board is chaired by a LEP board member, with a strategic steer from the LEP board to focus on a limited number of activities and to work with existing service

providers, where appropriate, to avoid duplication of existing national or local activity where it works and where it works well.

Humber LEP

12. **Hull City Council:** The Humber LEP work programme and strategy is driven by its focus on 3 priority growth sectors – energy (renewables), chemicals and ports/logistics. They are geographically rooted sectors based upon the ‘zone of opportunity’ around the Humber which links the two functional economic areas of Hull/East Riding and North Lincolnshire/North East Lincolnshire.

Northamptonshire Economic Partnership (NEP)

13. **Northamptonshire County Council:** The Council refers to the NEP Business Plan and the Ten Point Plan – the strategic plan for the county, developed by NEP and Northamptonshire County Council. The 10 key themes of the strategic plan are: housing growth, digital economy, innovation, high performance technology, logistics and distribution, public sector land and buildings, international investment and trade, energy efficiency, civic infrastructure and skills and employment. Through this plan the ambition is to help create 70,000 new jobs in Northamptonshire over the next 15 years and provide the infrastructure which could potentially release over 80,000 new homes.

South East LEP (SELEP)

14. **East Sussex County Council:** SELEP’s drive is to realise the potential for growth in the LEP area and increase its contribution to the national economy, with a vision to become ‘the most enterprising economy in England’ - creating an environment for enterprise and growth and addressing the main barriers to growth. SELEP discussions always look to where strategic input is required and where value can be added - SELEP follows the principle of subsidiarity. At a more detailed level, the focus of SELEP’s work programme is driven by several key areas: business engagement - to articulate the business perspective on the barriers to and the opportunities for future growth; creating an environment for growth - looking at the strategic infrastructure’ to support growth; unlocking investment for growth; and skills for business growth.

15. **Essex County Council:** SELEP’s work programme is also being driven by sub-national Government policy in respect of growth and the steady flow of announcements relating to, for example: the Heseltine Report, EU programme funding, LEP capacity support, Local Transport Bodies, Single Funding Pot, Growth Deals and the progress of City Deals; skills, and Enterprise Zones. All of these have had a considerable impact on the shape of the LEP’s work programme.

Stoke-on-Trent & Staffordshire LEP (SSLEP)

16. **Staffordshire County Council:** The LEP's discussions and work programme are centred primarily on job creation and inward investment. The main aim set out in SSLEP Strategic Business Plan for 2012/2013 is to support businesses to grow and create jobs. Overall progress is monitored against growth in the value of the economy measured by change in employed earnings and the net change in the number of employee jobs. For both of these, the target is to be consistently in the top quartile when compared to other similar areas. The SSLEP Board tracks progress on a monthly basis via a key performance indicator report that includes measures such as business start-ups, job vacancies, unemployment, overall employment and economic growth.

Tees Valley Unlimited LEP

17. **Tees Valley:** The LEP is driven by the economic challenges and opportunities in the area, which form the basis of its statement of ambition. This sets out where it wants the local economy to be in 15 years' time. This vision informs the business plan and it is the LEP's role to work with partners to help deliver this.

The Marches LEP

18. **Shropshire Council:** The Marches LEP area has a strong background, developed over many years, in joint working between local authority officers and private sector leaders and the wider business community. LEP Board discussions and the developing work programme have been driven by the known needs of small businesses in the area as they relate to job creation and business growth. There are strong local Business Boards in Shropshire, Telford and Herefordshire who are pro-actively involved in the delivery of economic development with local strategies and action plans that the LEP draws on.

ARE THERE CAPACITY AND SKILLS IN YOUR LEP AREA TO DEVELOP AND DELIVER A JOINT ECONOMIC STRATEGY ALONG THE LINES SET OUT IN THE GOVERNMENT'S RESPONSE TO THE HESELTINE REVIEW?

19. The responses set out the views on current capacity, where additional capacity is needed and future capacity issues in the LEP areas we have received responses from.

Cornwall & the Isles of Scilly LEP

20. **Cornwall Council:** Yes - the skills exist but the capacity required will need to be considered in the light of further information from Government. In terms of delivery, the point has been made to Defra, BIS and Government generally around the need to retain facilitation and business development skills rather than them being lost due to the interregnum between funding programmes. Otherwise, there is a strong working relationship between the LEP and Cornwall

and the Isles of Scilly Councils. Cornwall Council is about to review its medium term strategy (following the elections) and there is a strong influential relationship with the evolution of the Local Plan and the 3 year business planning of the LEP. This will require strong monitoring and understanding skills and a flexible and co-ordinated approach to strategy and delivery.

Coventry & Warwickshire LEP

21. **Warwickshire County Council:** We have the capacity to set out the issues, building on the work of our sub-regional economic assessment; analyse the policy options; develop the strategy and undertake consultation. Gaps in some of the evidence base will probably need some external work to develop, along with impact analysis (econometric forecasting and ex-ante evaluations). We have done quite a lot on developing our investment fund concept, but it is expected that some external capacity will be needed to refine and develop it, particularly around attracting third party investment finance and developing an economic appraisal model for different projects/investment proposals.

Cumbria LEP

22. **Cumbria County Council:** The LEP is supported by a private sector advisory group as well as a public sector technical officers group, made up of the local authorities and the National Park. These groups have the responsibility of ensuring that relevant information is presented to the board to shape its debates and strategic thinking. Through the 2 groups and other wider partners, there is sufficient knowledge locally to develop the joint economic strategy required. However to do this successfully will require a concentration of effort that could stretch limited public sector resources. The additional LEP capacity funding is welcomed and will go some way to helping to ensure existing LEP and council business is able to be delivered whilst dedicating time to develop a truly shared and transformational economic strategy to guide EU and Single Growth Fund investment.

Dorset LEP

23. **Dorset County Council:** This is unlikely to be achieved without some additional input. The precise nature of this is yet to be determined but is likely to include additional skills, such as the perspective of an economist, or external challenge and evaluation. Delivery will definitely require additional resources, both human and financial, to achieve priority aspirations.

Greater Cambridge – Greater Peterborough LEP

24. **Cambridgeshire County Council:** To support the implementation of the LEP's priorities/actions, the LEP team is being expanded to 8.6fte of whom 7.1fte are funded from LEP resources, and a budget allocated for 2013/14 and 2014/15 to support these priorities (primarily through loan funding), with outcomes and targets set. One of the posts in the new LEP structure is a Growth Strategy Manager whose key task is to 'coordinate and lead development of a LEP growth

strategy to access single pot funding'. Given the welter of new responsibilities and plans LEPs are being asked to lead on, including the Single Local Growth Fund and what is considered by the partners in the LEP to be limited expertise and experience, the upper tier authorities within the LEP area have offered their help in taking these forward, which it is acknowledged will be needed. With regard to the Local Growth Fund known elements, the lack of specific knowledge within the LEP is particularly apparent in relation to housing and transport but the LEP is in the process of recruiting a skills manager to lead on this area.

Greater Lincolnshire LEP

25. **Lincolnshire County Council:** We have a lot of the required capacity and skills to deliver the emerging agenda but 2 areas where improvements could be made are highlighted:

- infrastructure planning – this is not so much a question of skills as the ability to be flexible within constraints. So, for example, there is a need for a strong dialogue, based on growth, with utility providers, who need to consider the short and mid-term viability of their investments. These considerations are not always compatible and more could be done to support that dialogue;
- private sector enablers – a large amount of growth will rightly be delivered by the private sector. There is a need to improve confidence in order to generate investments and a need to make the proposed Single Local Growth Fund genuinely accessible to the private sector.

Heart of the South West LEP

26. **Devon County Council:** There are both the skills and capacity within the LEP to deliver a joint economic strategy, however, the provision of the capacity to deliver this may have an opportunity cost. A wealth of evidence already exists within the local authorities that make up the LEP and this can be used to inform and deliver a joint economic strategy. This includes economic evidence bases (such as the upper tier Local Economic Assessments); strategies, plans and investment frameworks (such as local investment plans undertaken in partnership with district councils).

27. The LEP currently relies primarily on staff resources from the upper tier local authorities. In the few instances where skills are not available, the local authorities have the knowledge and contacts to draw these in, where necessary through competitive tender and existing procurement processes. However, capacity within the local authorities is often an issue and could potentially intensify in the future, with increasing pressure on local authority budgets, the need for councils to respond to local issues, which are outside the LEP's strategic remit, and a lack of willingness to commit significant private sector resource to the LEP.

Hertfordshire LEP

28. **Hertfordshire County Council:** Inevitably Government's piecemeal approach to providing LEPs with the resources to develop tailored local actions, leads to them playing catch up in establishing capacity to deliver economic objectives. Where there is a lack of internal capacity and capability, either within the LEP or its stakeholder partners, the LEP will buy in specific expertise from the private sector to fill short term skills gaps for limited periods of time whilst retaining a lean operational structure. The delivery of Growing Places is a case in point, where external capacity was procured on a short term basis to develop and manage the programme without impacting on the head count of the LEP.

29. For the short term, the use of consultants for one-off pieces of work like economic analysis and strategy development works well. The bigger question concerns commissioning and programme management over a longer period of time and which requires a degree of certainty over future sustainability. This does appear to be changing with the Government's response to Heseltine, but LEPs abilities to deliver local strategies will very much depend upon the level of resourcing which government allocates to them. At the moment, they are being asked to develop ambitious growth plans without knowing the potential level of resourcing available. The biggest challenge is not in developing the strategy but how LEPs can scale up. Whilst direct delivery may not be the role of LEPs, commissioning of activity almost certainly will be and this will inevitably impact on the current composition and skills mix of LEP teams. Overall, we think there is a general lack of project management and delivery expertise in bringing forward infrastructure projects within the Hertfordshire LEP area, which will need to be addressed.

Humber LEP

30. **Hull City Council:** The production of a joint economic strategy is the continuation of a journey which commenced with City-Region Development Programmes (The Northern Way), MAA's, the Sub National Review etc. The Local Economic Assessments undertaken by each unitary council, together with the suite of statutory planning documents are important sources of baseline information in understanding the underpinnings for a strategy. In the Humber's case this knowledge is being both deepened and widened through a Humber Competitiveness Analysis undertaken in partnership with the University of Hull Business School. This is in preparation for the Single Local Growth Fund and the opportunity presented from the Humber piloting Lord Heseltine's recommendations and reflects the fact that the Humber's 3 priority sectors are fully exposed to global economic forces.

South East LEP (SELEP)

31. **Essex County Council:** Due to its comparatively small secretariat, SELEP's delivery at officer level, quite rightly, relies on a principle of subsidiarity. Where

possible, decisions are made at a sub-LEP level, with local areas picking up work which is directly relevant to them. A good example is in the way SELEP has organised itself for the Growing Places Fund. The Heseltine response, with the emphasis on growth strategies to guide the deployment of Single Pot funding locally; to set the framework for EU funding programming, and to provide the blueprint for Local Growth Deals will provide a particular challenge for SELEP and its constituent local authorities. A strategy at SELEP level which addresses each of these areas well and with sufficient detail will go far beyond the strategic, light-touch level previously designed. Local authorities and the LEP will need to work closely together to ensure that everyone's interests are well served. This will play out in the context of the Single Pot, particularly, where we will need to work together to ensure that:

- funding available is not ring-fenced, offering maximum opportunity for us to make optimal decisions;
- we are able to blend funding from a range of sources to fit local need; and
- we lobby to ensure that money comes with a minimum of strings attached - we will need to act quickly if we are to provide growth conditions for our businesses and to limit bureaucracy so as to retain their involvement.

32. East Sussex County Council: The required skills can currently be met through the economic development teams of the LEP's 3 upper-tier and 3 unitary authorities, with the additional support of the various districts, boroughs and other partners, coupled with SELEP's small secretariat. However, with the public sector being financially stretched and streamlined, capacity and financial resourcing through local authorities is likely to be an increasing issue. As the scope of activity for LEPs increases, the more local authorities and other partners will be called upon to support it, at a time when local authority budgets are under pressure and the civil service is diminished in its capacity to help.

Stoke-on-Trent & Staffordshire LEP (SSLEP)

33. Staffordshire County Council: The SSLEP area has strong internal research skills located within Staffordshire County Council and Stoke-on-Trent City Council and a core team is already working together to deliver a joint economic strategy. In addition, a substantial amount of work in support of the Wave 2 City Deal which will also inform the joint economic strategy. It is envisaged that this core team will need to draw on specialist skills via a consultancy to assist in the development of the economic strategy.

Tees Valley Unlimited LEP (TVU)

34. Tees Valley: We feel we have the capacity and skills to develop and deliver economic strategy, with a dedicated economic strategy and intelligence team which works closely with stakeholders in collating, analysing and assessing the evidence base which underpins the development of our future strategies. For

example, we are currently updating our economic assessment and are producing a skills action plan, following on from the production of sector action plans last year and the 2012 business survey of over 400 local firms. We have sector-specific intelligence to draw upon in-house, although we will also bring in specialist knowledge and advice as and when required.

The Marches LEP

35. **Shropshire Council:** The Marches LEP is satisfied that the skills set to develop and deliver a joint economic strategy, as envisaged by Heseltine, is available within the LEP and its partners. There are, however, likely to be some capacity issues within parts of the LEP governance structure (e.g. finance) that require some boosting to meet the ambitious programme of work essential in delivering the step change in the economy that the LEP is seeking in the next few years. These can be solved for the short-term by using core funds; however a sustainable medium to long-term solution is required. We strongly support the BIS Select Committee proposal for 5 years funding from 2015 to give this assurance.

WHAT ADDITIONAL GOVERNMENT SUPPORT WILL BE NEEDED TO ENABLE LEPs TO DEVELOP AND DELIVER JOINT STRATEGIES?

36. The responses we have received highlight a range of things Government needs to do to support and enable LEPs to deliver their joint strategies. Some of the key strands are – the need for Government:

- to clarify and provide LEPs and local authorities with the freedoms, flexibilities and funding to take the decisions and implement the actions needed to meet the needs and take advantage of the opportunities of their areas;
- provide early clarification on the size and scope of the Single Local Growth Fund and its criteria and ensure the ability to use the fund flexibly to meet the distinctive needs of each locality;
- provide a longer term commitment to ensure LEPs have the resources and ability to drive the delivery of economic development and growth over a sustained period;
- provide support from senior civil servants and local growth teams that cover all relevant Departments;
- ensure the continuation of national data sets at LEP and sub-LEP level and provide access to data and resources from Departments to assist LEP strategy development.

Cornwall & the Isles of Scilly LEP

37. **Cornwall Council:** Issues raised are:

- ensuring national data sets are not withdrawn, that there is consistency and the ability to look below LEP geographies. Ensuring that data is comparable and transparent with national datasets (e.g. Defra's) will be important for benchmarking. Ensuring effective links with the 'what works centre' is part of this and the ability to sub-contract research to local authorities, LEPs and their partners;
- Government needs to allow more policy flexibility around the issue of business rate devolution and recognise that in some geographic areas business space growth is not necessarily linked to business or entrepreneurial performance;
- Cornwall and the Isles of Scilly LEP is a 'not for profit company limited by guarantee' which uses Cornwall Council as the accountable body for its financial management. Consequently, the Council needs to work within the complex framework of public sector financial responsibilities and costs of transactions faced by the LEP (in terms of VAT) - "Government gives with one hand & partially takes with another".

Coventry & Warwickshire LEP

38. **Warwickshire County Council:** There is a need for:

- clarity and certainty on what Government wants from growth strategies - there is a need for clear high level guidance from Government, which then needs to give local areas the space, freedom and confidence to develop their own plans;
- involvement of senior civil servants to test out, positively challenge and help champion ideas within Government as growth strategies are being developed - the experience of City Deal suggests that this could be useful if properly utilised and targeted;
- access to data and information from Government Departments to aid and inform the development of the strategy i.e. skills data from SFA/NAS; data/intelligence from DWP, particularly around Work Programme providers; business information - BIS, growth accelerator, UKTI, etc.; and improved access to ONS data, e.g. IDBR, etc.;
- access to and ability to utilise Government Department resources, particularly from HM Treasury e.g. on Green Book appraisal, economic forecasting, and impact analysis; there is no point in different LEPs all commissioning consultants to undertake this work when Central Government will no doubt assess them using their own methodologies.

Cumbria LEP

39. **Cumbria County Council:** LEPs will require some additional capacity to develop the required growth strategies – particularly given the very tight timescales to produce the first draft of the new EU Structural Funds Investment Strategy due in September. A significant amount of time and effort will be required to not only develop the strategy and identify the funding to be allocated against each EU priority but to undertake the robust level of consultation with wider partners to reflect the breadth of the EU programme. Given the requirement to hit EU spend profiles, there is a strong requirement to have additional capacity and clear guidance to ensure robust project development is undertaken and business cases produced with a clear appreciation of match funding and state aid regulations in order to be in a position to spend when both the new EU programme and Single Growth Fund come into being.

Dorset LEP

40. **Dorset County Council:** The core and additional funding will help to develop the strategy but the LEPs need certainty and consistency to be able to deliver. This requires a longer term commitment or assurance that the LEP will have the ability and resources to drive delivery over a sustained period of time. It is unrealistic to expect LEPs to implement structural changes to the economy in the short-term.

Greater Cambridge – Greater Peterborough LEP

41. **Cambridgeshire County Council:** Fuller guidance and more resource from Government would be desirable. Also more training for board members and staff in the area of strategy development would be helpful, given that the approach so far of the LEP has largely focused on short-term actions and initiatives and a reluctance given limited staff resources (until recently) to plan longer term.

Greater Lincolnshire LEP

42. **Lincolnshire County Council:** We are looking for real support from government to keep LEPs working strategically. The creation of relationships with senior civil servants is very welcome but the strategic dialogue needs to be at all levels, for example with Defra at both regional and local level.

Heart of the South West LEP

43. **Devon County Council:** The LEP capacity fund has proved useful in helping to deliver LEP objectives. The on-going provision of capacity funding is essential to cement gains and promote further LEP delivery. What is now required from Government is further clarity of funding, freedoms and flexibilities. The issue of longer-term funding sustainability for the LEP remains. Future options may include:

- the need to reprioritise work in overstretched local authority teams,

although this could be in conflict with the need to respond to the priorities of each authority's democratically elected members; or

- greater private sector resource applied to LEP badged work - although with primarily small and medium sized businesses in the Heart of the South West, few companies have the resources to commit to this and if it were to occur, questions might be asked about the democratic accountability of the LEP.

Hertfordshire LEP

44. **Hertfordshire County Council:** Resourcing aside, it would be helpful if Government was more consistent about localism. Whilst the direction of travel on skills and infrastructure development is moving to the local level, the enterprise and innovation agenda remains very firmly fixed as a national priority. There is no sign that Whitehall would relinquish control over major policy tools which could support local growth e.g. Regional Growth Fund, enterprise and business support, exports, innovation etc. If LEPs are to deliver holistic strategies to drive growth, there is a need to ensure that they are able to influence the delivery of national programmes and tailor them to meet the needs of the local economy. Government could deliver additional support by providing freedoms and flexibilities to tailor national programmes to suit local circumstances.

Humber LEP

45. **Hull City Council:** The additional support needs to be directed at the emerging governance arrangements in response to the City Deal and Single Local Growth Fund and the need to develop robust strategies covering housing, planning, transport etc in the context of LEP led economic strategies.

Northamptonshire LEP

46. **Northamptonshire County Council:** The LEP/County Council Ten Point Plan contains a series of detailed asks of Government for the area, which it is considered are required to support delivery.

South East LEP (SELEP)

47. **East Sussex County Council:** Government needs to make it very clear at the earliest stage what it has in mind for LEPs and open up debate with them as to how any new activity sits within the objectives and capacity of the LEP and its partners. As part of this they need to clarify what freedoms and flexibilities the LEPs will gain within each activity area and how such activity can be tailored to the LEP and the LEP partners' needs. The scope and depth of any new activity will dictate the support required. However Government must realise that as LEPs are still relatively new, the understanding of local delivery mechanisms (e.g. the availability of match funding, possible conflicting views within partner

organisations) is likely to become more apparent as the scope of LEP activity widens. Increased informational, financial and possibly mediation support may therefore be required.

48. Essex County Council: The support required from Government is more around freedoms, flexibilities and funding. Essex partners delivered a Deal for Growth to Government alongside the Community Budget package in Autumn 2012. It articulated how, in working together with Government, we would unlock economic growth in Essex. We will continue to work with the LEP to drive policy. We offered Government well-conceived propositions as part of our Community Budget pilot and proposed the LEP as an early adopter of Single Pot and other Heseltine vehicles for growth. The LEP's growth strategy will be written in a similar vein. Government invites us to bring our ideas forward and determine our own future. We are happy to do that, but we need encouragement from Government and active engagement from all Departments.

Stoke-on-Trent & Staffordshire LEP (SSLEP)

49. Staffordshire County Council: The delivery of the joint strategy requires a genuinely devolutionary culture in Whitehall that empowers local partnerships to take strategic decisions themselves. In addition, much depends on the implementation of the agreed recommendations from the Heseltine Review as set out in the Government's Response, in particular the detail around the size and scope of the Single Local Growth Fund. Finally, a key element for the SSLEP is the ability to link skills provision to employment in the economy, which we see being delivered by our Education Trust model. For this to be successful we will need the devolution of power from central government and the various agencies.

Tees Valley Unlimited LEP

50. Tees Valley: There is a need for:

- support from government for a City Deal, a key tool for Tees Valley in order to determine its own priorities;
- further understanding from Government of how national strategy and policy fits with local strategy (such as the emerging industrial strategies), particularly in light of the Heseltine Review;
- further funding streams to match European money to.

The Marches LEP

51. Shropshire Council: There is a need for:

- early discussion and clarity over the criteria for the Single Local Growth Fund and the ability to use the Fund flexibly to meet the unique needs of the locality, recognising that rural and urban solutions will differ, if we are to maximise the benefit of funding;

- the Fund to be a melting pot with no strings from each department;
- enhanced support from the Government's proposed local growth teams and this to be integrated across all government departments.

WHAT ARE LOCAL AUTHORITIES DOING TO SUPPORT THE LEPs IN THEIR AREAS?

52. The responses from CEDOS members underline our previous evidence² that the local authorities are making a very significant commitment to their LEPs in terms of funding, staff and elected member time, the provision of expertise and taking accountable body and other specific roles. It is also clear from the answers to this and other questions that local authority budgets are under very severe pressure which, given that economic development is not a statutory function, could affect the ability of the local authorities to continue to provide their level of support. In this context the local government settlement within the context of the spending review will be very important.

Cornwall & the Isles of Scilly LEP

53. **Cornwall Council:** 2 Cornwall Council officers are seconded to support the development and work of the LEP and its Board. The LEP manager works to the Head of the Economic Development Service who is also the Chief Executive officer of the LEP and the chief commissioning officer in relation to the arms-length Cornwall Development Company. Despite the financial process challenges, this approach ensures that there is a strong relationship between the public and private sectors in Cornwall and an active understanding of the Heseltine recommendation around cross-sector secondments, and that finance is focused on economic issues and project delivery e.g. Regional Growth Fund, Growing Places Fund rather than being spent on the duplication of a separate bureaucracy. Cornwall Council allocates £150,000 p.a. to the LEP which covers a proportion of the time of 3 staff. In addition other members of staff are also utilised for LEP related work and there are other costs that are not passed onto the LEP e.g. office, phone costs.

Coventry & Warwickshire LEP

54. **Warwickshire County Council:** There is considerable staffing support. A senior member of staff has been seconded into the LEP to lead the development of the growth strategy, together with other staff resources allocated to support the work/undertake activities as required. These have included data analysts from the Council's Research Unit, the use of our economist, business engagement officers, employment & skills officer, and support from our corporate finance team. The total resource commitment of Warwickshire County

² Local authorities, Local Enterprise Partnerships and the growth agenda 1st report CEDOS.ADEPT January 2013

Council to the LEP, including direct funding and staff costs, is estimated at circa £200,000 p.a.

Cumbria LEP

55. **Cumbria County Council:** The local authorities provide support to the LEP in a number of ways, coordinated mainly through the technical officers group. The County Council chairs and organises this group and works in partnership with the Chamber of Commerce, the LEP Chair and Vice Chair to act as the LEP Executive. The County Council also provides technical support and accountable body support to the LEP to administer key funds such as Regional Growth Fund and Growing Places Fund as well as business research and intelligence management and policy development support. In addition, the Council provides policy guidance and project determination to the LEP for the Transport Pinch Points programmes. A considerable amount of County Council staff time is involved.

56. Over and above the existing support, the public sector has a range of wider skills that could in some instances be made better use of, to deliver the LEP's agenda. If LEPs are to succeed, they must truly be a partnership between the public and private sector with each bringing its specific skills-set, reducing duplication of effort and ensuring that delivery is guided by the requirements of the private sector.

Dorset LEP

57. **Dorset County Council:** All the Dorset local authorities are putting significant human and financial resources behind the LEP, to drive forward strategic issues and actions. The County Council is committed to acting as the accountable body and providing a range of support services for the LEP. The financial value of the local authority support is estimated at £313,000 p.a., including both direct funding and staff support equating to approximately 5 fte officers.

Greater Cambridge – Greater Peterborough LEP

58. **Cambridgeshire County Council:** The County Council continues to contribute £50,000 p.a. to supporting the LEP's costs and this is likely to increase in 2013/14. In addition specific support has been offered to assist in the preparation of a LEP area EU SIF Investment Strategy and is likely to be available to support necessary work to access a Local Growth Fund from 2015. In addition Huntingdonshire District Council is funding 2 posts associated with the Enterprise Zone, which is in its area.

Greater Lincolnshire LEP

59. **Lincolnshire County Council:** The Council has: seconded 2 staff, full time, to co-ordinate and lead LEP activity at a cost of circa £90,000; made staff

support available to organise LEP meetings and support the LEP Board in understanding and commenting on Government policies etc. The Council has a team of about 12 staff working together to prepare the LEP growth plan, led by a senior officer. It is estimated that this work, which involves carrying out a consultation with the top 100 Lincolnshire businesses as well as preparing the plan, will take in the order of a further 2 full time equivalent staff.

Heart of the South West LEP

60. **Devon County Council:** The Council is involved in a significant amount of joint working with partners under the auspices of the LEP. Activity includes contribution of staff capacity, due diligence and commissioning activity via the County Council procurement team. Some examples of work to support the LEP include: EU funding, lobbying and prospectus development; representation on and work for the LEP Executive and the finance, Growing Places, technical officer, foreign direct investment, and skills groups of the LEP. The Council is also involved, for example in Transport board/transport and infrastructure lobbying; and work for the Plymouth City Deal that has strong LEP support.

61. Devon County Council is the accountable body for the LEP on a number of initiatives including Growing Places Fund and Rural Growth Network. The total amount of funding currently managed by Devon County Council on behalf of the LEP is £43,017,000. This includes that of rural programmes promoted and delivered by Devon and Somerset County Councils on behalf of the LEP (Rural Growth Network and Rural Enterprise Gateway).

Hertfordshire LEP

62. **Hertfordshire County Council:** The Council has supported the LEP extensively by providing access to economic development staff, acting as the accountable body and by providing back office functions - finance, purchasing, legal, HR and Payroll, communications etc. It's also provided activity funding from the Performance Reward Grant of the LAA, which the LEP is using to address a number of important issues such as broadband connectivity on business parks.

63. Longer term, though, the County Council may have to reconsider its contribution to the LEP as it faces the challenge of delivering significant savings in the forthcoming years. Whether County Council support is replaced by central government or district funding remains to be seen. To date, districts have not provided financial assistance to the LEP, in part because it has not wanted to follow a subscription route, choosing to retain a degree of independence from local planning authorities.

Humber LEP

64. **Hull City Council:** The Council is the accountable body for the Humber LEP. The LEP staff are on the Council's payroll and use the Council's service support infrastructure for finance, legal requirements etc. The Council has also seconded

a Director to the Humber LEP to assist it to develop its work plan and governance to move forward. Additional officer resources have been allocated to manage the Hull and Humber City Deal inputs. Other Humber unitary councils and the University have also provided resources. In terms of financial support, the City Council is providing circa £200,000 in support to the LEP in staff time as accountable body. In addition, Hull and each Humber Unitary is contributing £50,000 p.a. to match fund Government funding for LEP core costs including staff. The local authorities are committed to this for three years supported by a multi-authority funding agreement.

Northamptonshire Enterprise Partnership (NEP)

65. **Northamptonshire County Council:** Through investment in its prosperity agenda, the County Council provided core funding to NEP of £1.45 million in 2012/13 to deliver the agenda and on joint initiatives. The Council is the accountable body for NEP activities, such as Growing Places Fund. The Northamptonshire Local Transport Body was formed at the NEP Board in February. The Board agreed to the formation of a voluntary partnership, with the County Council acting as accountable body.

South East LEP (SELEP)

66. **East Sussex County Council:** The Council has senior officer representation on all active working groups of the LEP (e.g. skills, strategic infrastructure, coastal, rural and EU Investment & growth strategy). It participates regularly in the local authority senior officer group meetings with the LEP Director to provide the local authority perspective on the steer of current activities. It actively provides support to the local SELEP board and executive members and facilitates and supports partners on actions such as Growing Places Fund bids and enterprise zone submissions. The Council also undertakes specific pieces of work on behalf of the LEP. The County Council makes a direct contribution of circa £26,000 p.a. to secretariat costs and has a dedicated LEP support officer (cost - circa £25,000) plus providing additional officer time.

67. **Essex County Council:** The Council has been a lead contributor to the development of SELEP, for example:

- providing the interim secretariat, free of charge, from November 2010 – April 2012;
- hosting the LEP secretariat, who are part of the Council's establishment;
- providing secondees and officer support, including the Council's Head of External Funding for the LEP's EU programming work, and communications support;
- driving parts of the LEP's policy agenda, e.g. Single Pot development, and being the accountable body for Growing Places Fund and other LEP activities;
- supporting the skills Group and SELEP-wide skills initiatives, including for example developing priorities for the Skills Funding Agency's European

Social Fund provision and a memorandum of understanding to develop a skills network that corresponds with LEP geography.

It is estimated that Essex County Council's financial contribution to SELEP is at least £200,000 p.a. including a direct contribution, staff costs and costs associated with hosting the secretariat and being accountable body.

Stoke-on-Trent & Staffordshire LEP (SSLEP)

68. **Staffordshire County Council:** SSLEP is actively supported at Board level with both the Leader and Chief Executive of the County Council being Board members. The Council has a dedicated member of staff to provide management support to the LEP. Alongside Stoke-on-Trent City Council, the County Council also provides technical support across all work strands of the LEP. In addition the Council has organised a range of events and activities to bring together business leaders, public sector and skills sector, which have been successful in improving the understanding of needs of the sector that has enabled partners to work together to deliver economic growth. The local authorities are providing staffing and other support to the LEP of circa £263,000 p.a. and at the moment it is anticipated this will continue.

Tees Valley Unlimited LEP (TVU)

69. **Tees Valley:** The 5 local authorities, who form part of the Tees Valley LEP are its sole funders. They provide the budget and ongoing support through officer time dedicated to key groups, activities and aspects of local delivery, from transport schemes to school engagement. Collectively, the local authorities provide £2 million p.a. to Tees Valley Unlimited.

The Marches LEP

70. **Shropshire Council:** The local authorities are providing the 'engine room' for further developing the LEP's growth plan and EU investment strategy. They continue to provide seconded staff and cash resources to match the core funding and are also staffing individual projects e.g. the Enterprise Zone at Rotherwas. The private sector is providing the direction at a strategic (Board) level and is also working at sub-group level alongside officers to discuss the detail and delivery options. The local authority partners are undertaking the work to develop the required plans. They are taking the leading role on the development of streamlined governance arrangements and increased collaborative working across the Marches, related to the Local Growth Deal. Shropshire Council has provided £18,669 of officer time towards LEP work and a cash match of £51,756 for 2013/14.

DO YOU ENVISAGE ANY OBSTACLES TO SUCCESSFUL WORKING WITH YOUR LEP?

71. The responses set out the views on the obstacles to successful working. Key strands are the need for LEPs to have:

- robust governance and accountability arrangements with a clear relationship with their democratically accountable local authorities;
- the funding and resources to deliver local priorities – under-resourcing could undermine their credibility.

Cornwall & Isles of Scilly LEP

72. **Cornwall Council:** None envisaged.

Coventry & Warwickshire LEP

73. **Warwickshire County Council:** There are a number of potential obstacles that could need to be resolved, including:

- tensions relating to governance, accountability and functions between the LEP Board and the participating local authorities;
- differences of view on the level of resources that the various local authorities will put into the new structure and match funding for the Single Local Growth Fund.

Cumbria LEP

74. **Cumbria County Council:** With the addition of a significant number of new responsibilities and greater expectations attached to its role in distributing public funding, it is important that the LEP has suitably robust governance arrangements in place to ensure that its activities fully reflect local need, contribute towards economic growth and that the public funding that is being directed at agreed priorities is spent in line with public probity. It is also important that the LEP is held to account locally for its activities and interventions and is open and transparent in its decision-making and performance management. There is a natural tension which will need to be managed between the ability to account for public expenditure and the desire to speed up accessibility to funding for the business sector in order to support the growth agenda.

Dorset LEP

75. **Dorset County Council:** Potential obstacles could include:

- partners losing interest if perceiving 'nothing for us';
- difficult decisions around priorities for investment;

- any decision to change the structure and status of the LEP, impacting on relationships with the local authorities;
- lack of resources to prove the potency of LEPs.

Greater Cambridge – Greater Peterborough LEP

76. **Cambridgeshire County Council:** No - good relations exist at Board level with both Leader representation and advisor status for one of the Council's Executive Directors on the Board, and the Council's offer of strategy support has been welcomed by the current LEP executive. However given the strategic responsibilities now being placed on LEPs and requirements on engagement in the preparation, for instance, of an EU SIF Investment Strategy, the LEP may struggle to lead/coordinate work, given its still limited staff resources in this area.

Greater Lincolnshire LEP

77. **Lincolnshire County Council:** 2 major obstacles perceived are:

- Mission Creep – there is a need to avoid LEPs being expected to do as much as RDAs and lose their focus accordingly; and
- Confidence to plan – this is a very important period for LEPs to establish credible plans, but lack of knowledge as to the what the LEP could receive through EU and single pot resources is frustrating the ability to plan effectively and ambitiously.

Heart of the South West (HOSW) LEP

78. **Devon County Council:** There are no insurmountable obstacles to successful working with the LEP. Nevertheless, there are some issues which need careful relationship management. For example, there is a push for LEPs and the HoSW to have greater private sector involvement. We require clarity if this is to be a client/contractor relationship. Additionally the HoSW LEP has, to date, only had a small amount of engagement with District Councils. Further engagement is required, although this may prove somewhat more labour intensive and mean some difficulty in achieving consensus.

79. The County Council is happy to continue to provide support and align objectives as long as it continues to have capacity. To do this, there needs to be clear governance and mandates for the LEP. The Council sees a workable model being with business providing the leadership and being one of a number of partners acting as a sounding board for decisions and strategic direction, with local authority partners providing the skills, capacity and democratic accountability to the equation.

Hertfordshire LEP

80. **Hertfordshire County Council:** There will be challenges inevitably:

- Political - arising from different perspectives on growth between a LEP which is genuinely business led and political leaders accountable to local communities opposed to growth;
- Operational – arising from capacity and skills constraints on both sides;
- Resources – the local authorities require a satisfactory settlement from government to make working with the LEP worthwhile. The danger of under-resourcing LEPs risks undermining the LEP’s credibility in partner’s eyes and as such is a risk factor in future partnership working.

Humber LEP

81. **Hull City Council:** The Single Local Growth Fund, which will include resources for both housing and transport for LEP areas, will need a very clear relationship between the LEP and democratically elected Unitary Authority Leaders, particularly, under the ‘competitive tension’ of the SLGF, where there is an expectation of local resource pooling by Government. The governance model will need to reflect clear collective leadership by the Unitary Leaders and the allocation of resources to both the LEP and local areas in a transparent, equitable and accountable way. The Humber is currently developing its governance model to the opportunities presented by the Single Fund and the City Deal.

South East LEP (SELEP)

82. **Essex County Council:** SELEP will need to work carefully to keep its focus at the strategic level – on those issues of genuine common importance to Essex, Kent and East Sussex. It has been imperative that its business plan is as top level and strategic as possible. This gives the small team an achievable working agenda and focus and creates a system where work that needs to be undertaken more locally is devolved to the appropriate level.

83. Due to the nature of growth policy over the past 12 months, the LEP agenda has grown exponentially. We need to work very closely with the LEP to ensure that it only intervenes strategically and where it can add value; that it respects the principle of subsidiarity; and that we work in support of it to ensure that local decisions and identification of priorities work locally, work for the LEP and ultimately have a positive impact on the growth of UK plc.

84. **East Sussex County Council:** There is local determination to make the LEP work so that it brings benefit to the local areas represented within it but if this is not seen to be the case, then it is possible that support could diminish. It is also difficult to keep businesses fully engaged, particularly smaller businesses that may lack the time or resources to dedicate to the LEP when it does not bring a short or medium term benefit to their own organisations - although this is not an

issue that only relates to LEPs.

85. In a larger, less homogenous LEP area, there may also be an issue caused by the variance in its economic make-up due to its size. For example, how is a case made for investment in infrastructure that is not nationally profiled as a growth area e.g. coastal or rural areas, or for funding based on deprivation when some areas and businesses are less in tune with addressing social or economic inequality? How, in a large area, can you successfully or reasonably uphold the argument of the trickle-down or the trickle-across of benefits?

Stoke-on-Trent & Staffordshire LEP (SSLEP)

86. **Staffordshire County Council:** The key challenge for SSLEP is working with district councils who are members of more than one LEP and the implications of this in the context of the competitive way the Single Local Growth Fund will be allocated. A further obstacle is uncertainty about the future of LEPs following the 2015 General Election.

Tees Valley Unlimited LEP (TVU)

87. **Tees Valley:** Obstacles include a lack of:

- a joined up approach from central government;
- engagement from government departments, such as the Department of Energy and Climate Change on City Deal;
- funding to deliver local priorities.

The Marches LEP

88. **Shropshire Council:** The changes announced in the Government response to the Heseltine review will involve a new way of working for the LEP, particularly the private sector partners and timescale are tight. Whilst not an obstacle in itself, this is a concern. The timeliness of Government advice and guidance is therefore crucial and timescales must not slip. The two-way conversation and co-designing of guidance is greatly welcomed.