

5. LEP REVIEW

WLEP BOARD RECOMMENDATION

The WLEP Board is asked to:

- Note and comment on the Terms of Reference; and
- Comment on the proposed response to the Review
- Agree to sign off any response to the review to the Chair, Vice Chair and CEO.

5.1. Background

- 5.1.1. At the Spring 2021 Budget the Chancellor made several changes which were relevant to work of LEP's. These included changes to the way that funding is distributed and allocated, with local authorities rather than LEP's taking the lead role in coordinating local projects to bid to Government for the Levelling Up (large infrastructure projects) and Community Renewal Funds (this is a one year pilot to replacing EU funding and previously known as the UK Shared Prosperity Fund).
- 5.1.2. The Budget also announced a review into the future of LEP's, including the form and function of LEP's and their role in driving economic recovery and growth covering business, skills, innovation, net zero and export, trade, and investment. The Budget papers also stated that it would consider the issue of LEP geographies with the removal of overlaps.
- 5.1.3. An email on the 29th April was sent to the Board briefing them of the outline of the review and included the Terms of Reference.

Terms of Reference

- 5.1.4. The Terms of Reference (Appendix A) have been developed by Government officials in collaboration with the LEP Network and have now been agreed by BEIS Ministers including Kwasi Kwarteng the Secretary of State and Paul Scully, Minister for Small Business. The review is a joint commission by Ministers within Ministry for Housing, Communities and Local Government and Secretary of State Robert Jenrick.
- 5.1.5. The Terms of Reference focuses on evolving the future role of LEPs such that they can 'best support and represent businesses in places.' Alongside this it is made clear that the Government values the work that LEP's have been doing. "The performance of LEPs and the LEP network since the Strengthened LEPs Review of 2018 has progressed significantly, formally assessed twice through the Annual Performance Process".
- 5.1.6. The Review provides an opportunity to have a clear purpose, role and resources from Central Government to the value the LEP's can provide – particularly in relation to supporting recovery and the roadmap to recovery in the Plan for Growth, announced by the Chancellor.

5.1.7. Mark Bretton Chair of the LEP Network has written to Kwasi Kwarteng, Secretary of State for Business, Energy and Industrial Strategy outlining the potential and the role LEPs can play. A copy can be found in Appendix B.

5.1.8. The Terms of Reference state that the decision to 'entrust' coordinating bids for the new funding streams (levelling up etc) to Local Government rather than LEPs is a policy decision. The review is therefore responding to the change in Government policy rather than any evidence of LEP under-performance.

5.1.9. Then the review is considered in two stages of activity with sub-areas of questions to consider. These are:

First stage:

- a) Objectives – what should LEPs be trying to achieve.
- b) Functions – what should they be responsible for?
- c) Form – how should they be organised?
- d) Departmental ownership – which part of Government will take the lead?
- e) Geography – how many LEP's? the removal of overlaps and the definition of functional economic areas?

Second stage:

- a) Representation – how are businesses involved in the LEP – how diverse and representative is it?
- b) Relationship with Government – how can this be most effective?
- c) People implications – particularly staff and Board/Business engagement.
- d) Funding – how are LEP's funded?
- e) Implementation – timescales – with completion by Summer Recess and implementation after March 2022.

5.1.10. Worcestershire LEP is engaged with a number of the sub groups, which have been established by Government officials and include representatives from other LEPs. These broadly comprise:

- Objectives and Functions (Linda Smith involved)
- Geographies
- Accountabilities
- Representation and Interaction with Local Government (Gary Woodman)
- Implementation and Funding (Sue Jordan involved)
- Engagement and Comms

Implications for Worcestershire LEP

5.1.11. There are several issues that arise from the review that need to be considered over the period of the review and once it has been completed. These are the future structure of the LEP, its core activities, size and scale of geography, funding and resources and other opportunities, and role of key partners.

5.1.12. The WLEP does bring expertise, knowledge, a positive convening role and a partnership approach focused on delivery. It is important that we have moved the Growth Hub under LEP control, as the review appears to focus on those functions around business support, skills, innovation, and trade. The Growth Hub have recently moved into more of a delivery role with the Peer to Peer business support programme and supporting EU transition. In Worcestershire these produced excellent results and several businesses benefited.

5.1.13. There is clarity around the reducing role in relation to capital project support (growth funds etc..) however, it still is appropriate that in order to deliver the economic strategy for

Worcestershire the WLEP Executive and Board support and input into strategy and pipeline development, but also bolster the capacity of One team Worcestershire to ensure delivery of Towns Funds (Worcester & Redditch), Future High Streets (Kidderminster and Worcester) and support Malvern, Bromsgrove and Wychavon towns with their investment plans. This also applies to a supportive role in skills capital to deliver further investment in the FE and HE estate.

- 5.1.14. It is less clear however what Government thinks or understands in relation to the specifics of the economic geography and therefore what businesses and sectors should be the focus of LEP activity. The only certainty at this point is that Government appears to want to remove overlaps and need to clearly define the role of a LEP in a mayoral combined authority area. An example is the West Midlands Combined Authority where the mayor is Andy Street following the recent elections.
- 5.1.15. It has recently been clarified that the importance of the Local Economic Strategy to regional economic growth is still recognised in Government even though responsibility for it has passed to the Treasury. This is now known as the Plan for Growth.
- 5.1.16. The strong evidence base that supports the Vision and Strategy, demonstrates the value of the local perspective that LEP's provide. The strength of this is based on a shared understanding of, agreement to priorities and a focus on delivery. This has been the success of Worcestershire and the LEP over the past 10 years.
- 5.1.17. The loss of the growth funding created through Government's policy of centralising decision making may have implications for the way the LEP goes about its work and the support it provides in pursuit of inclusive economic growth. Furthermore, the lack of clarity about the outcome of the review means that discussions around shared ambition for projects or sectors may not be happening at all. It is important that we continue to collaborate as Worcestershire partners for the benefits of the recovery and future economic growth of the county.
- 5.1.18. As part of the process of evolving the shape of WLEP, further thought will need to be given to the membership and shape of Governance structures. Part of the review will be focused on ensuring that Boards and other LEP governance structures are diverse – both in terms of the communities they represent and size/nature of businesses across their area.

Conclusions

- 5.1.19. The LEP review represents a challenge to the role and function of the WLEP. However, this is an evolution and not an extinction. In the future, Local Enterprise Partnerships should focus on driving prosperity through inclusive growth, capitalising on their unique role as impartial convenors to deliver the Government's Plan for Growth at a local level.
- 5.1.20. The LEP can co-ordinate strong local leadership and affect institutions to deliver on the ground, tailored to specific needs and challenges with critical local insight, which will continue to be required going forwards.
- 5.1.21. A critical part of this is our plan for devolution in England: empowering more accountable, democratic local leadership to drive growth through infrastructure, housing investment or regeneration.

- 5.1.22. But there is also an important role for local business leadership to play here alongside strong local democratic institutions: to help boost exports of British firms and scale up more SMEs, to improve local supply chains into emerging Net Zero industries, to better connect local skills provision to those industries, to think longer term about their local economy across administrative boundaries and attract the investment our places need.
- 5.1.23. Evolved LEPs need to be action orientated, bringing local partners together in common purpose and focussing on improving these aspects that will deliver the Plan for Growth. LEPs record of success, working collaboratively and at the nexus of the private and public sectors, as well as the academic community, means we're perfectly placed to help make this vision a reality.
- 5.1.24. The LEPs ability to convene provides an opportunity to remind Government of the value offered by the unique nature of the LEP proposition with partnership and evidence at its heart. Through this activity there is the chance to influence the shape of the review outcomes at a critical moment for the national and regional economy.