

## Local Enterprise Partnerships

### What is a Local Enterprise Partnership (LEP) and how does links to the wider Coalition agenda?

The creation of LEPs is part of the Governments wider agenda to support local communities and local authorities to decide what is best of their areas and support local economic growth.

On the 29<sup>th</sup> June Vince Cable, Secretary of State for Business, and Eric Pickles, Secretary of State for Communities and Local Government wrote to to councils and business leaders asking them to work together to form Local Enterprise Partnership. A ELP is a 'joint local authority-business bodies brought forward by local authorities themselves to promote local economic development'. The LEPs will partly replace the Regional Development Agencies (RDAs), although a number of powers held by RDAs will return to central government, including inward investment, sector leadership, business support, innovation and access to finance.

The 'call for LEPs' letter stated that LEPs must be based around functional economic area or travel to work area particularly those based around England's major cities to enable improved coordination of public and private investment in transport, housing, skills, regeneration and other areas of economic development. A critical focus for the LEPs will also be to rebalancing the economy towards the private sector to lessen the blow of public sector cuts.

The Government plan to create the set out the legislation to create LEPs and abolish RDAs in the Devolution and Localism Bill. The Government have received 56 bids for LEPs across the country they have announced that they are reviewing these bids. It is very unlikely that all the bids will be successful.

### What is the Regional Growth Fund?

On the same day that the Government called for business leaders and local authorities to work together to submit LEP bids the Deputy Prime Minister Nick Clegg on launched a £1 billion Regional Growth Fund to help areas and communities at risk of being particularly affected by public spending cuts.

LEPs will be able to bid for the Regional Growth Fund to support projects that support the objectives of the fund, however you do not need to be LEP to bid and it is open to everyone. How this will actually work on the ground is very unclear, will private bodies and public private partners bid to LEPs, who pick the most strategically important projects and send these to central government along with the rest of the country. It is still unclear how schemes will be judged, for example how a scheme in rural Cumbria can be judged alongside a scheme in Manchester City Region; when clearly the Manchester one is likely to create more private sector jobs, but may have proportional benefit when the size of the economies are compared directly.

The fund, which will operate in 2011/2012 and 2012/2013 is aimed at supporting areas that are the most dependent on public sector jobs as the country makes the transition to private sector-led growth and prosperity. Both private bodies and public-private will be eligible to apply, and the criteria and process for assessing bids, will be set out in the forthcoming White Paper on local and regional growth.

### What LEPs they meant to do?

The role of LEPs is to provide strategic leadership in a functional economic area and agree local economic priorities. A clear vision is vital if local economic renewal is to be achieved and this vision should have been set out in the LEP proposal made to Government.

The role of LEPs is to create the right environment for business and growth in their areas, by tackling issues such as planning and housing, local transport and infrastructure priorities,

employment and enterprise and the transition to the low carbon economy. In reality how the LEPs will actually do this is still very unclear, give the uncertainty about where funding will come from, what powers they will have and how they will be governed.

The Government have confirmed that LEPs should:

- supporting small business start ups;
- include business and civic leaders, who should work together with equal representation in the board and a prominent business leader to chair the board
- work closely with universities and further education colleges.
- highlight key employment drivers, in some areas tourism will be an important economic driver (definitely the case in Cumbria).
- Part of the vision for LEPs is to rebalancing the economy towards the private sector to lessen the blow of public sector cuts.

#### What powers and funding will they have?

There is a great deal of information about what LEPs could do, but what powers they will or could have are less defined. LEPs will have powers to get involved with planning, housing, local transport and infrastructure and employment, enterprise and business start ups.

The responsibilities and funding available for LEPs including information on how European funding (previously distributed through the RDAs) will be distributed in the future, will be set out in the forthcoming White Paper on local and regional growth.

LEPs will be able to bid for Regional Growth Fund, but based on the information that has been released about the fund this is not to fund operational costs. The Regional Growth Fund is to support economic development and create private jobs on the ground.

Evershead Lawyers have said that they are concerned over the funding that could be made available and lingering questions over exactly how the partnerships could boost economic growth: 'Will they be strategic bodies or have responsibility for delivering projects, or both?'

Existing assets owned by the partners in the LEP including buildings and staff will need to be used to facilitate meetings and

Council lobby groups are warning that cuts will harm local economies, and calls on the government to spend more on Local Enterprise Partnerships, the replacement for regional development agencies, to help stimulate commerce and industry.

The submission points out that the only confirmed source of funding for LEPs so far, the £1bn Regional Growth Fund, 'falls far short' of what their predecessor bodies were allocated.

It is still unclear whether LEPs will be given any additional funding beyond what is available from the Regional Growth Fund. Although the bidding nature of this fund presents a degree of uncertainty and will make it difficult to plan.

It's already clear that LEPs will have less funding than RDAs. This year, RDAs have £1.5bn between them. LEPs will be able to bid for part of the £1bn Regional Growth Fund, but that will be skewed towards the North & Midlands, and spread over two years starting in April 2011 (i.e. £500m per year). And despite the mixed messages coming out of CLG last week, I bet that councils will end up having to finance LEPs' running costs - like the AGMA model in Greater Manchester. None of this should be a surprise, but for some reason it is.

#### NEXT STEPS

Academics and the press are speculating about how many Local Enterprise Partnerships (LEPs) will be successful. There has been some press coverage highlighting that the number

of bids (56) received by Government was higher than the government had expected. The most common view is that government will approve a first wave of LEPs. This could include up to 15 of the strongest applicants for LEP status a move designed to ensure the initiative succeeds quickly.

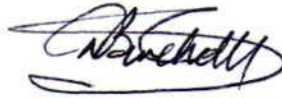
The first wave of LEPs are likely to be those with a track record of close working between local public and private sectors, and operating at sub-regional level. The LEP bids that have existing governance structures in place are likely to feature in this first wave, including the existing city regions across the country. This could make the existing city-regions of Greater Manchester and Leeds strong candidates for early approval, as well as potentially dynamic county-based partnership submitted by Essex and Kent.

The forthcoming White Paper on local and regional growth planned for Autumn 2010 will provide further clarity on the powers and funding relating to LEPs and their relationship with the Regional Growth Fund. It would be safe to say that the LEP's are about bringing private and public representatives together to set priorities for the area not as a funding mechanism and how they will actually get involved with transport, planning and infrastructure is still very unclear.

The LEPs role in coordinating and prioritising projects in their area to bid for Regional Growth Funding is also unclear. Surely it would be appropriate for LEPs (in areas where the LEP bids are successful) to choose the best projects (in terms of the objectives of the Regional Growth Fund). These projects would then be considered on their merits alongside projects from across the country to gain funding from the Regional Growth Fund.



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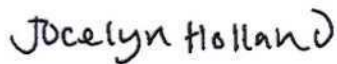
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