

Report for Information

Report to Executive
28 July 2010

Report of Director of Regeneration & Development

Subject Local Enterprise Partnerships

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Purpose

To inform members of the latest guidance from the Department for Business, Innovation and Skills (BIS) and Department for Communities and Local Government (CLG) on the development of Local Enterprise Partnerships (LEP).

Recommendations

That the Director of Regeneration & Development is given delegated authority, in consultation with the leader of the council, to consider and take appropriate action to;

- Support the development of a potential Local Enterprise Partnership that will meet the needs of the City of Norwich.
- Secure the best council and business representation for Norwich in any proposed Local Enterprise Partnership structure.
- Capture the opinions of the local business community and ensure that their needs and aspirations are used to inform the actions of a Local Enterprise Partnership.
- Formally endorse a Local Enterprise Partnership submission to Government on behalf of Norwich City Council

Financial Consequences

The financial consequences of this report are nil at this stage.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority “Strong and prosperous city – working to improve quality of life for residents, visitors and those who work in the city now and in the future” and the service plan priority “Build, manage and develop relationships locally, regionally and nationally with and between key economic stakeholders and businesses to drive a shared economic vision and agenda for Norwich.”

Executive Member: Councillor Morphew – Leader of the Council

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Report

Latest guidance on the development of Local Enterprise Partnerships (LEPs)

Context

1. On 29 June the government issued a joint letter to Business Leaders, Local Authority Leaders and CEOs inviting them to work with the Government in considering how they would wish to form Local Enterprise Partnerships (LEP). The following paragraphs explain the remit for a LEP and the emerging options for delivering this at a local level. The consultation period ends in the first week in September 2010 and discussions at a local level have been scheduled for late July. This means that at this stage the likely outcome is uncertain and this is the only opportunity for the Executive to consider this matter before the end of the consultation period. For this reason it is proposed that the final consultation response will be submitted by the director of regeneration & development in consultation with the Leader of the council.

Background – What is a Local Enterprise Partnership (LEP)?

2. Local Enterprise Partnerships (LEPs) are new structures which will be formed as a part of the decentralization process which will see the abolition of Regional Development Agencies (RDAs) within the next two years with some of their functions (and funding) led at a national level, while other aspects of their role are either scrapped or delivered on a more local level.
3. It is not clear at this stage which (if any) of EEDA's strategic responsibilities or what proportion of its budget (if any) would be devolved to Local Enterprise Partnerships.
4. Proposals for partnerships should be developed and driven jointly by local businesses and councils. Guidance states that Government expects LEPs to be governed by a board drawn from an equal membership of businesses and civic leaders and that they will be chaired by a "prominent business leader". Proposals and governance arrangements should reflect the clear wishes of businesses and council leaders.
5. LEPs should reflect the "natural economic geography" of the areas they serve which may not necessarily reflect current administrative boundaries. To be sufficiently strategic, the expectation is that partnerships would include "groups of upper tier authorities" although it is currently not clear that this would always have to be so if a very strong argument (with local businesses support) could be made for a functional economic area which did not necessarily bring together a group of upper tier authorities. Further details of the Government's approach to sub-national growth will be published in a White Paper later in the summer although this is unlikely to contain full detail and may not be published in time to inform initial expressions of interest which must be submitted by 6 September.
6. Crucially, the original letter published on the CLG website stated that LEPs would have no dedicated funding to support running costs, this letter was

removed from the website as a mistake and guidance now states that “funding issues will be addressed in the Comprehensive Spending Review (CSR)” in the Autumn. With or without support for administrative costs, LEPs will primarily be strategic bodies and possibly a vehicle to bid for government funding rather than a directly funded body. If no administrative funding is allocated to LEPs then this will influence the size and scope of partnerships and may well mean that other existing local authority economic development funding will need to be diverted to resource this cost.

What will Local Enterprise Partnerships do?

7. LEPs will be expected to provide strategic leadership and set local economic priorities to deliver economic renewal and rebalance the economy. LEPs will support business start-up and create the environment for business and growth by tackling issues such as planning, housing, local transport, infrastructure, employment and enterprise – some of this work may have a focus on particular sectors where they represent a strong economic driver.
8. However, it is not clear at the moment whether LEPs will have a purely strategic role or whether they will have a delivery/commissioning role and if a delivery function would attract new resource (possibly some budget transfer from RDA functions) or simply require partners to pool and deploy existing resources in line with the strategic direction of the LEP.

Emerging Options

9. A number of potential options are currently being explored by different organizations, and these include an inter county option, covering Norfolk Suffolk and Cambridgeshire; a Norfolk wide option a Greater Norwich option; an east/west Norfolk option and a proposal based on the regional cities for the East of England, (although this option would be in addition to any of the above proposals). These options reflect a continuum from sub regional to a more local focus. The city council’s preference would be a more local LEP focused around a Greater Norwich engine of growth. However, it is acknowledged that at this stage there is no consensus of opinion and one of the reasons for this is a lack of clarity over the role and function of a LEP.

Next Steps

10. Norfolk County Council is hosting a Leaders’ Meeting towards the end of July to agree a suitable model to be worked up into an outline proposal for submission to BIS on or before the 6 September deadline. Proposals will need to be formalised during August but need not be fully detailed. In fact the advice from GO-East is that there will be scope to develop the details of any LEP following the comprehensive spending review in October. In responding to the consultation the outline proposals for a LEP should cover:
 - (a) Geographical area covered including a justification of why this represents a “natural economic area”.
 - (b) Proposed governance structure and key partners – some existing local and

county structures may not be fit for purpose. Officers are already discussing with colleagues from South Norfolk DC and Broadland DC how to refresh the Norwich Economy Round Table into a more business-led structure that could represent the Greater Norwich urban area.

- (c) Key functions and priorities of the proposed LEP – priorities should be informed by the Local Economic Assessment and it should be noted that in the Norfolk LEA the GNDP locality is recognised as a functional economic area.

11. Following the Leaders' Meeting, an outline proposal will need to be developed and formally agreed by all local authorities included in the LEP proposals during August. It will also be necessary to arrange a series of meetings or events in Norwich to discuss and refine proposals with local business leaders and secure the support of the local business community.
12. The Executive is asked to consider the issues raised in the above report and confirm that the Director of Regeneration and Development has delegated authority, in conjunction with the Leader of the Council, to agree a response to the government's consultation on Local Enterprise Partnerships.