

Local Enterprise Partnership Integration

Purpose of Report

For information.

Is this report confidential? No

Summary

This paper provides an overview of the background to the current process of Local Enterprise Partnership Integration and sets out the LGA's recently commissioned work in this area, ahead of a presentation by Nick Glover, Director of Local Growth at Henham Strategy.

LGA Plan Theme: Stronger local economies, thriving local democracy

Recommendation(s)

That the Board consider the presentation by Henham Strategy and provide a steer on the key messages they would like to see reflected in the projects final report, which will brought to the next board for clearance.

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Local Enterprise Partnership Integration

Background

1. On 15 March 2023 the Chancellor announced that Government was ‘minded to’ withdraw financial support for Local Enterprise Partnerships (LEPs) from April 2024.
2. Following the announcement, the Department for Levelling Up, Housing and Communities ran a LEP future funding information gathering exercise and questionnaire on the impacts of its decision to end LEP core funding. Local authorities were encouraged to respond.
3. The previous LGA cross-party City Regions and People and Places Board Chairs, Mayor Marvin Rees and Cllr Kevin Bentley co-wrote a letter responding to the Chancellor’s announcement outlining key messages from the sector to inform the information gathering exercise.
4. The letter supported the transfer of functions to drive economic growth and provide greater accountability and visible public leadership. However, it highlighted the need for a swift response to the information gathering exercise, clarity on the integration of these private organisations and their assets into the local government landscape, challenges around recruitment, retention and skills, and the need for a clear statement on how councils would be supported to resolve matters such as Enterprise Zones or Freeports locally to avoid unnecessary delay and greater costs to the public purse.
5. On 4 August 2023 the then-Minister for Levelling Up, Dehenna Davison MP, wrote to the sector confirming Government’s decision to end sponsorship and funding of LEPs from April 2024 following the conclusion of the information gathering exercise. The letter stated Government would support local and combined authorities to take on the functions currently delivered by LEPs and technical guidance was published for the sector to support with the policy change. It also announced Government would provide revenue funding for local and combined authorities in 2024/25 to support them delivering the functions currently delivered by LEPs and further information would be provided in due course.
6. The letter set out that Government expects LEP functions to be exercised by upper tier local authorities (working in collaboration with other upper tier local authorities as appropriate), where they are not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed.

7. Last year, the LGA's cross-party City Regions and People and Places Boards [commissioned support for councils](#) and combined authorities undertaking LEP integration and to share good practice and learning.
8. A series of roundtables with areas at different stages of integration were held between November 2022 and March 2023 and these sessions were also attended by representatives from DLUHC. Most of the research was conducted before the Chancellor stated he was 'minded to' end funding to LEPs from April 2024 and for their functions to be delivered by local government. At the time, most local authorities were still at an early stage in considering the implications of the budget announcement. However, a final learning note was compiled, acting as a practical guideline for areas undertaking LEP integration, including those who would have not expected it to be a short-term priority prior to the March 2023 budget.
9. In recent conversations with LGA Members, officers, and sector bodies such as Chief Economic Development Officers Society (CEDOS), representatives recognised the opportunities that LEP integration brings. However, they also continue to raise concerns around the lack of certainty of long-term funding and future growth hub funding; the need for further detail regarding revenue funding for 2024/25; challenges with capacity in the sector; the need for, and cost of, legal advice; and concerns about the lack of timely guidance on business representation. It was also clear support would be required to facilitate conversations between county councils who would be exercising the functions and their constituent district councils, around joint-working and the most appropriate levels of subsidiarity for different LEP functions.
10. With this in mind, and following a discussion with the Lead Members of the People and Places Board the LGA decided to commission further support for councils, focused on two elements:
 - 10.1. Facilitated discussions for councils and combined authorities taking on the functions currently being delivered by LEPs and a write-up from each session focussing on the process of integration.
 - 10.2. A short final report, drawing on learning from the action learning sets, with recommendations for Government to influence their next steps and thinking.
11. As a result of an open tendering exercise Henham Strategy have been appointed this contract and are currently making good progress. The first stage of their work involves four workshops, scheduled for the following dates:
 - 11.1. Governance, Business Representation and Joint Working (11 January)
 - 11.2. Growth and Career Hubs (18 January)

- 11.3. Freeports and Enterprise Zones (1 February)
- 11.4. Funding, Staffing, Legal and Asset Integration (8 February)
- 12. After each workshop a learning note will be prepared and circulated via the LGA's website, so the key elements of the discussion can be made available to all councils.
- 13. Following the conclusions of the workshop programme a short report will be prepared distilling the key recommendations and challenges arising from the process of LEP integration for use in supporting the LGA's work to influence current and future governments.

Proposal

- 14. Nick Glover, Director of Local Growth at Henham Strategy, will attend the People and Places Board to provide an update on the first two workshop sessions and take soundings from Members with a view to shaping the recommendations to be made to Government.

Implications for Wales

- 15. Local Enterprise Partnerships only exist in England. However, there may be wider lessons for economic development in Wales and LGA officers will make sure to share any emerging points of interest with colleagues via the Welsh LGA.

Financial Implications

- 16. There are no direct financial implications arising from this report.

Equalities implications

- 17. There are no direct equalities implications arising from this report. Bringing LEP Functions under the direct responsibility of local authorities will strengthen democratic accountability and better align these with wider public service provision and local programmes to deliver inclusive and sustainable growth.

Next steps

- 18. Following this meeting, and subject to Members steer, officers will work with Henham Strategy to complete the workshop programme, capture and disseminate the key messages and draft a short final report for consideration and clearance by the People and Places Board.
- 19. Members are asked also to reflect on whether they would like to engage directly with the Government setting out their concerns in this area.