

LOCAL ENTERPRISE PARTNERSHIPS

A SHORT GUIDE

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INITIAL PROPOSALS

Groups of local authorities in partnership with business leaders have been invited to submit outline proposals for Local Enterprise Partnerships by 6 September. Partnerships are encouraged to develop their own ideas but proposals should reflect the Government's agenda.

What will Local Enterprise Partnerships do?

At present, there is only the letter of 29 June to help shape proposals. From the letter we know the following:

- LEPs will provide *strategic* leadership in their areas, develop a clear vision and set economic priorities
- The focus must be on supporting the private sector
- LEPs should create the right conditions for business and growth, tackling issues including:
 - Planning
 - Housing
 - Local transport priorities
 - Other infrastructure priorities
 - Employment
 - Enterprise
 - Transition to the low carbon economy
- Supporting small businesses and start ups
- Tourism

Who needs to be involved?

The core of the LEP needs to be an equal partnership between local authorities and business – with equal representation on the board. The LEP is expected to be chaired by a prominent business leader. If there is an elected Mayor, there is an implication that they could chair the LEP, if the LEP so wishes.

LEPs are expected to work with further and higher education in delivering their remit but there is no mention on formal involvement of these and other stakeholders in governance.

Funding and delivery of services

The letter does not mention any funding associated with LEPs, nor delivery of services. It is not clear if their role is designed to be entirely strategic, or whether some delivery will be involved. The style may be akin to LSPs and MAAs where it is for the partners to pool and deploy existing services and resources as they think fit, in line with the strategic direction set out by the LEP.

Ministerial interviews suggest that there is a presumption that, in general, business support should come from the private sector in most cases. However, it is implied in the letter that LEPs may take on some responsibilities of the RDAs, so there may be budget transfer. They are also required to have governance structures which are sufficiently robust and clear to ensure proper accountability for *delivery* by partnerships.

Area

It is expected that LEPs will include "groups" of upper tier authorities. It is open to partnerships to suggest the area they wish to cover. They are encouraged to reflect functional economic areas and cover real economic and travel to work areas, not necessarily administrative boundaries. However, this latter option is not ruled out if it can be shown that using administrative boundaries would match functional economic areas.

Outline proposals

Further guidance is due in a White Paper due later in the summer. In the meantime partnerships need to get their outline proposal together. There is no indication of the depth of detail the Government is looking for, but partnerships may wish to keep the outline proposal tight and concise

The outline proposals need to be:

sufficiently clear and well developed to give core certainty and credibility,

AND

flexible, keeping options open to accommodate changes that might be required as the concept develops and the White Paper is published.

At this initial stage the proposal might be firm on the following:

- The geographical area and why it is a functional economic and travel to work area
- The key partners who are backing the proposal – which local authorities and which business leaders
- A vision for the area – and the top five things the Partnership would like to change
- A summary of the issues relating to business and growth

The outline might also need to include, but keep options open on:

- Governance and accountability – informal or formal structures, lead bodies etc
- How businesses will be engaged
- Initial priorities for the LEP to address, based on the remit set out in the Government’s letter
- Additional areas where the LEP is proposing that it should have a role
- Funding, including any commitments by partners
- Services that the LEP would seek to influence
- Potential services that the LEP might seek to deliver or control directly itself
- Relationships with other named stakeholders
- Links to adjoining economic areas (and LEPs)
- Links to other aspects of business support, including Growth Hubs, innovation and internationalisation

The table below shows the areas to be included in the outline proposal, and the issues that might need to be considered.

Partnership formation, consultation and consent

The table shows what needs to be included in the written submission. Getting to that point will require significant consultation and development of common purpose. This will be the case even where there is an existing partnership covering an agreed area.

Where there is no existing partnership for the area in question, or an existing partnership that needs to adjust to a new area (or where there is neither), then the development of partnership working will grow accordingly.

Issue	What will need to be included in the proposal	Considerations
Area	The area to be covered, and why it is a functional economic and travel to work area	<ul style="list-style-type: none"> • Is there a pre-existing grouping that meets the criteria? • The area needs to be “groups” of upper tier authorities • If local authority boundaries are used, need to show they match a functional economic area • If functional economic areas are used, how will the Partnership make sure that marginal areas are not created outside any LEP? • If the LEP includes parts of local authority areas, how will that work in practice?
Key partners	Name the local authorities Name the business leaders Name the chair, if possible at this stage	<ul style="list-style-type: none"> • Is there a pre-existing grouping or partnership of local authority and business people? • Will need full consent of all authorities involved – probably including Member approval • Which business leaders – the representative bodies (FSB, CBI, IOD, Chambers) – or local businesses? • Is there an existing business group which is recognised as <i>leading</i> by the business community? • Is there a need for any “democratic” aspect to selecting the business leaders for the LEP, or can they just be selected/put themselves forward? • How will the LEP impact on other partnership structures – is this an opportunity for rationalisation and re-focusing? • How will the interest of businesses be retained if there is no delivery role for the Partnership?
Governance	An outline of the partnership structure – whether informal or formal, any legal structure, or lead body arrangement. Outline of accountability – to the local community and stakeholders and to Government	<ul style="list-style-type: none"> • Is there a pre-existing partnership grouping that can serve the purpose? • Has to be equal representation between local authorities and business leaders • Other stakeholders do not appear to have a formal governance role in the Partnership – if they were included, the business representation would need to be maintained at 50% • The LEP will need to embrace the “Big Society” and localism agendas of the Government – there will have to

Issue	What will need to be included in the proposal	Considerations
Economic issues	<p>Outline of the economy of the area and the business characteristics</p> <p>What are the issues relating to growth and business; what barriers need to be addressed</p>	<p>be high visibility and transparency and an openness to questioning of how decisions are made</p> <ul style="list-style-type: none"> • Can use existing economic development strategies and output from the Local Economic Assessments and other documents • Needs to show a functional economic area • Will need the basics of the business characteristics – number, size, sector, GVA, density, entrepreneurship, start up, survival • The <u>specific</u> business issues and barriers in the area need to be included- and will need to show some breadth (eg planning, transport)
Vision	<p>Short, medium and long term goals for the area</p> <p>Top five things the Partnership wants to change</p>	<ul style="list-style-type: none"> • Should reflect and draw on existing goals for the area – eg LSP, Sustainable Communities Strategy etc • Needs to address specifically issues of growth and business
Priorities	<p>What are the strategies priorities for the issues the Government has identified (planning, housing, local transport and infrastructure, employment)</p> <p>Need specific priorities for enterprise and business start up</p> <p>Include any other priorities identified by the partnership, including tourism where relevant</p>	<ul style="list-style-type: none"> • Will need to include each of the aspects included in the Government’s letter. Some may not be as well factored into existing businesses strategies as others eg planning framework • Will need to reflect latent levels of entrepreneurship as well as actual business start ups • Any other issues specific to the area that need to be addressed – eg supply of finance?
Services	<p>Include an outline of existing services which tackle the identified issues</p> <p>What gaps are there in services?</p> <p>Need to reflect the role of the private sector in business support</p>	<ul style="list-style-type: none"> • Unclear at this stage the degree to which LEPs will influence services or deliver services itself • Business Support Simplification Programme/Solutions for Business mapping will provide an existing picture of current services • Relationship to banks and other intermediaries should be included
Funding	<p>Only an <u>outline</u> at this stage:</p> <p>How will the initial running costs of the partnership itself be met</p> <p>Include any commitment of support in cash and kind from partners</p>	<ul style="list-style-type: none"> • Will be difficult to be specific at this stage as there is no indication if there will be any funding attached to LEPs • Funding may depend on which, if any, functions of RDAs and Business Link are handed to LEPs • Any existing partner funding streams such as enterprise

Issue	What will need to be included in the proposal	Considerations
	<p>– eg premises and IT for the first year</p> <p>Include any leverage if known</p>	<p>support, business grants, EU funding, business premises could be included</p>
Relationship with other stakeholders	<p>Further and higher education have to be included</p> <p>Might also expect to have a relationship with Jobcentre Plus, Skills Funding Agency</p> <p>Third sector bodies should be included where relevant – eg supporting social enterprise, credit unions, CDFIs, cultural organisations</p> <p>Should also show relationship to private sector bodies such as trade associations, professional bodies, sector groups etc</p>	<ul style="list-style-type: none"> • FE and HE will continue to answer to other funding and strategic masters – how will the LEP influence their priorities? Are there pre-existing structures? • What pre-existing relationships can be built on?
Links to adjoining areas	<p>Need to show a recognition of how the area links to the wider regional and national economy</p>	<ul style="list-style-type: none"> • Probably useful to compare developing plans with neighbouring areas
Links to other aspects of business support	<p>Links to innovation, internationalisation and sector support</p> <p>Role of residual Business Link functions</p> <p>Nature of the private sector support in the area</p>	<ul style="list-style-type: none"> • Some partnerships may wish to set strategic objectives for innovation and internationalisation even though delivery will be managed at national level • More information will be emerging about Growth Hubs and will need to be incorporated • Partnerships will need to show how they will relate to private sector support