



RESOURCES OVERVIEW AND SCRUTINY PANEL

Panel Report

Public

Date of Meeting: 3rd November 2010

Title: LOCAL ENTERPRISE PARTNERSHIPS, THE REGIONAL GROWTH FUND AND SUPPORT FOR THE NORTH WEST REGION

Report of: TOWN CLERK & CHIEF EXECUTIVE

Report reference: CE 26/10

Summary:

Members of the Resources Overview & Scrutiny Panel are asked to consider the report which was submitted to the Executive at its meeting on the 2nd September 2010. Copies were sent to all Members on the 23rd August 2010 and another copy is attached to this report. The date for responses regarding the Local Enterprise Partnership (LEP) and the Regional Growth Fund (RGF) Consultation is 6th September 2010. Copies of both are attached to this report.

The Chief Executive will update Members on the progress of this agenda at the meeting on 3rd November 2010

Recommendations:

That the Overview & Scrutiny Panel comments on:

1. The 'Cumbria Local Enterprise Partnership' outline proposal
2. The consultation response on the Regional Growth Fund

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

3. The work being undertaken by the North West Chief Executives' Task & Finish Group and the Leaders' Forum

Contact Officer: Maggie Mooney

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PORTFOLIO AREA:

Date of Meeting: 2nd September 2010

Public

Key Decision: No

Recorded in Forward Plan:

No

Inside Policy Framework

Title: LOCAL ENTERPRISE PARTNERSHIPS, THE REGIONAL GROWTH FUND AND SUPPORT FOR THE NORTH WEST REGION

Report of: MAGGIE MOONEY

Report reference: CE 22/10

Summary:

This report aims to update Executive members on the development of the Local Enterprise Partnerships (LEPs) and seek support for a 'Cumbria LEP' to be progressed. It also explains the purpose of the Regional Growth Fund and the City Council's need to respond to the Government's Consultation on it. Finally the report updates Members on the work to date being undertaken by the North West Local Authorities. The Government's deadline and submissions to establish LEPs and to respond to the Regional Growth Fund is 6th September 2010.

Recommendations:

That the Executive:

- 1) Supports the development of a 'Cumbria Local Enterprise Partnership' and for a response to be submitted on behalf of the public and private sectors across Cumbria to meet the Government's deadline of 6th September 2010.

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

- 2) Notes the progress on the response to the consultation on the Regional Growth Fund.
- 3) Approves that both the LEP submission and the response to the Regional Growth Fund are finalised by the Chief Executive and Strategic Director and that the Executive delegates responsibility to the Leader of the Council, the Portfolio Holder for Economy and the Chief Executive to approve both submissions in order that the 6th September deadline is met.
- 4) Notes the work being undertaken within the North West and considers the proposal contained in Appendix (1) which sets out the principles to support the work for and on behalf of the region

Contact Officer: Maggie Mooney

Ext: 7001

1. LOCAL ENTERPRISE PARTNERSHIPS

1.1 Context & Update

- (i) Local Authorities and business leaders have jointly been invited by the Coalition Government's Business Innovation and Skills (BIS) and the Department for Communities and Local Government (DCLG), to help strengthen local economies. The request is for both parties to consider forming Local Enterprise Partnerships (LEPs). These will replace the Regional Development Agencies which are being abolished by the Government with an end date of March 2012. The Coalition Government is committed to putting local businesses on an equal footing with local authorities. It is also expected that a business leader will take the role of the LEP Chair.
- (ii) The Government expects LEPs to provide strategic leadership in their areas, to set out local economic priorities and to provide the best environment for business growth in those areas. The LEPs will be expected to address:
- Planning
 - Housing
 - Transport & Infrastructure
 - Employment, Enterprise and supporting business start-ups
 - Transition to low carbon economy
 - Skills through work with Higher Education and Further Education
 - Tourism

Greater clarity on the role and functions of LEPs should be contained in a White Paper, which will be published in the autumn (probably at the same time as the RSG announcement on the 20th October). The White Paper will detail the Government's approach to sub-regional growth. It is understood that the LEPs will not inherit all the elements of the Regional Development Agencies' functions

- (iii) The Government has stated that for LEPs to be sufficiently strategic, individual local authorities should consider joining up with groups of upper tier authorities.
- (iv) Proposals from potential LEPs have been requested by 6th September 2010, which is in advance of the publication of the White Paper. It appears that the Government is expecting about 40 LEPs to be established across the country.

The Government has also stressed that the submissions should include new and fresh ideas and for the new LEPs to commit to addressing economic development in radical and innovative ways.

- (v) LEPs will play an important role in bringing together and advising the Government on bids from the £1b Regional Growth Fund (RGF) announced in the Budget (22nd June 2010). Section (2) of this report refers to RGF.
- (vi) No detailed guidance has been given with regard to the structures or governance arrangements of the LEPs, but it is known that the Partnerships will have a 50/50 representation from the private and public sector, with a private sector chair.

1.2 Actions in Carlisle and Cumbria

- i. Evidence from across the country shows a mixed picture in the development of LEPs, with the guidelines for the creation of larger LEPs being taken on board. Though the position in the North West is not totally settled the sub regions do appear to be developing their LEPs within their sub regional boundaries.

This means that both Greater Manchester and Merseyside have agreed their own single LEPs and Cheshire and Warrington will bid for one LEP. The picture in Lancashire is still fluid and at the time of writing this report (19th August), 3 LEPs were emerging in this sub region: Pennine Lancashire; Blackpool, Fylde and Weir; and a Lancashire County Council LEP. Discussions are ongoing to still try for a Lancashire LEP.

- ii. A number of discussions have taken place across Cumbria to test the viability of a Cumbria LEP and from the outset those discussions centred upon the possibility of having more than one LEP within the county. However it seemed clear in discussions with DCLG and with other local authorities, that this would not be acceptable to the Government.
- iii. The Cumbria Leaders' Board (CLB), at a special meeting on the 16th August, agreed that a stand-alone Cumbria LEP was the best option and should be progressed. However, in agreeing to a Cumbrian LEP, the District Councils have set out a number of conditions which were agreed at the Cumbria Leaders' Boards at its meeting. These included the importance of all Cumbria Councils and partners having equal involvement and status in the development of the LEP.

- iv. In relation to the private sector, which will make up half of the Cumbria LEP, the Cumbria Chamber is consulting with the business community in the county and going wider than the Chamber membership. This consultation has included a wide survey to test out views on the LEP. The soundings emerging support one LEP for Cumbria.
- v. The Cumbria Chief Executives' group, at its meeting on 13th August, agreed that should a Cumbria LEP be agreed to progress by the Cumbria Leaders' Board, then a co-ordination group should be quickly established to finalise the LEP bid, co-ordinate the response to the RGF consultation and for both submissions to be presented to the CLB on the 27th August 2010. Following the 6th September deadline the group will continue to work on the practical aspects of the LEP bid and the RGF and the group will report directly to the Cumbria Leaders' Board and the Cumbria Chief Executives' Group (CCEG). Obviously the political processes within each of the local authorities will also be taken into account. The Chief Executive of the City Council will lead the group on behalf of the CCEG and Darren Crossley, the Strategic Director will also be part of the group.

2.0 REGIONAL GROWTH FUND

2.1 CONTEXT & UPDATE

- (i) The Regional Growth Fund (RGF) was announced in the Budget statement on 22nd June 2010 and since then a Consultation document has been issued. The Fund, set at £1b for 2011-2013, is an important component of the work of the Local Enterprise Partnerships, in providing access to the investment needed to achieve the LEP priorities.
- (ii) Views are being sought on how the RGF should work, with a deadline date of 6th September 2010. The Government is particularly keen to ensure that the Fund is flexible enough to meet different needs in different places and therefore it will have two main objectives:
 - To encourage private sector enterprise by providing support for projects with significant potential for economic growth and create additional sustainable private sector employment and

- To support in particular those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.

(iii) There are 5 Consultation questions:

- (1) Are there benefits to be had from allocating different elements of the fund in different ways?
- (2) What type of activities that promote the objectives should the fund support and how should the fund be best designed to facilitate this?
- (3) Views requested on the criteria being used to assess the bids to the RGF
- (4) Do you think we should operate a two-stage bidding process?
- (5) What type of activities, that promote the objectives, should the fund support and how should the fund be best designed to facilitate this?

2.2 ACTIONS IN CARLISLE & CUMBRIA

- (i) A co-ordinated response to the RGF consultation, on behalf of Cumbria, is being led by South Lakeland District Council. Unless there are any significant differences of opinion, it is felt that the City Council should not submit its own response.
- (ii) The final draft will be discussed at the Cumbria Leaders' Board on 27th August, amendments made and then the final document will be submitted to Government to meet the 6th September deadline.
- (iii) In addition, a joint North West response is being drawn together by the NW Chief Executives' Task & Finish Group and this will be discussed and signed off by the 4NW Leaders' Forum on 31st August 2010.
- (iv) The LGA District Councils' Network is also producing a response to the consultation and the Cumbria District Councils will contribute towards that.

3.0 WORK BEING UNDERTAKEN IN THE NORTH WEST REGION

3.1 CONTEXT & UPDATE

- I. At the 4NW Annual General Meeting on 2nd July, it was agreed that a Chief Executives' Task & Finish Group would be established to determine the principles for any future North West arrangements. The decision was made in light of the invitation to form LEPs; the withdrawal of funding from CLG for 4NW; the abolition of Regional Development Agencies in 2012, and, since the date of the AGM, the abolition of Government Office for the North West.

- II. The NW Chief Executives' Group has now met three times (and the Chief Executive of the City Council represents Cumbria on the group) and has focussed on the following areas of work:
 - **LEPs** – the operating principles and structure of individual LEPs will be a matter for individual sub-regions. The role of the Task & Finish Group and the Leaders' Forum will be to support the development of proposals. For instance, a key requirement will be for LEP submissions to show how it responds to the priorities and challenges of the wider region. The Task & Finish Group will be able to draw up a regional statement on the North West economy which can sit as an appendix to all the NW LEP submissions.
 - **Residual Regional Functions** – the Task & Finish Group have developed a set of principles that could underpin how LEPs would work together. The suggested principles are attached at Appendix One. An earlier version has been circulated to the Cumbria Vision Strategy Group, discussed at the Joint Districts' Group, Cumbrian Chief Executives' Group and the Cumbria Leaders' Board. Some amendments have already been made by the Task & Finish Group (on 19th August) and a final draft will be submitted to the 4NW Leaders' Forum on 31st August 2010.
 - **Detailed Functions** – the Task & Finish Group has looked at the interim arrangements needed for the transition from the NWDA and GONW. It has been agreed that this work will be important in determining capacity requirements and management arrangements into the future. The progress on this work will be reported to the 4NW Leaders' Forum and to date the following specific areas have been identified as needing a lead and/or support:
 - RDA assets and liabilities

- Business support
 - Civil Contingencies
 - ERDF and ESF
 - Planning
 - Research and Intelligence
 - Sectoral development
 - Inward investment
 - Staffing
- **Transition** – it is felt by the Task & Finish Group that an agreed strategy on Transition should be established to ensure the delivery of an orderly transition of functions and new structures as soon as circumstances permit. This will also be discussed at the Leaders' Forum on 31st August. One of the first actions proposed is that the Task & Finish Group should be renamed the Transition Team with a remit to support individual sub-regions in bringing forward their proposals for LEPs; prepare a Transition Plan to support implementation of the new arrangements and also provide support to NWDA as it proceeds to reduce staffing levels in the quickest possible time.

III. The set of principles are attached at Appendix One.

2. CONSULTATION TO DATE

Consultation on the LEP and the Regional Growth Fund is detailed in the report. In view of the tight timescales for submissions to Government, it has not been possible to bring reports to the Overview & Scrutiny Panels for comments. However, a letter from the Chief Executive has been sent to all members of the City Council explaining the circumstances with this report enclosed.

3. RECOMMENDATIONS

That the Executive:

- 1) Supports the development of a 'Cumbria Local Enterprise Partnership' and for a response to be submitted on behalf of the public and private sectors across Cumbria to meet the Government's deadline of 6th September 2010.
- 2) Notes the progress on the response to the consultation on the Regional Growth Fund.

- 3) Approves that both the LEP submission and the response to the Regional Growth Fund are finalised by the Chief Executive and Strategic Director and that the Executive delegates responsibility to the Leader of the Council, the Portfolio Holder for Economy and the Chief Executive to approve both submissions in order that the 6th September deadline is met.
- 4) Notes the work being undertaken within the North West and considers the proposal contained in Appendix (1) which sets out the principles to support the work for and on behalf of the region

4. REASONS FOR RECOMMENDATIONS

The City Council has to be involved in the creation of the LEP; the consultation on the Regional Growth Fund and the work being undertaken within the North West Region. All of this will have a significant impact on the economic future of Carlisle & Cumbria

5. IMPLICATIONS

- Staffing/Resources – no actual funding implications at this stage, other than the time of Chief Officers
- Financial – none at this stage
- Legal – none at this stage
- Corporate – none at this stage
- Risk Management – none at this stage
- Environmental – none at this stage
- Crime and Disorder – none at this stage
- Impact on Customers – none at this stage
- Equality and Diversity – none at this stage

Impact assessments

Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?	At this stage no	
Age	At this stage no	
Disability	At this stage no	
Race	At this stage no	
Gender/ Transgender	At this stage no	
Sexual Orientation	At this stage no	
Religion or belief	At this stage no	
Human Rights	At this stage no	
Social exclusion	At this stage no	
Health inequalities	At this stage no	
Rurality	At this stage no	

If you consider there is either no impact or no negative impact, please give reasons:

At this stage of development there is no impact on the above. However as the development of the LEP progresses and more detailed reports are submitted to the Executive, Overview & Scrutiny Panels and Full Council, more information relating to possible impacts will be outlined.

If an equality Impact is necessary, please contact the P&P team.

A SET OF PRINCIPLES FOR THE RESIDUAL REGIONAL FUNCTIONS

- Any regional body should be tightly focussed, with clear responsibilities and should be a creature of the LEP's. While it is a matter for the Leaders Forum there seems to be little support amongst the local authorities for an independent regional body; while business views are still being assimilated, this view seems to enjoy some support too. It is not clear how an independent regional body would in any event be consistent with Government policy.
- Any regional body should co-ordinate the activities of LEP's, become the "eyes and ears" of the region in Whitehall and Brussels, and oversee those matters which extend beyond the influence of a single LEP.
- There is strong support for the creation of public-private Local Enterprise Partnerships working at the level of functional economic geography. Although each of our LEPs will have similar overarching priorities, it will be for individual local authorities to drive the transformation process at local neighbourhood levels working with their own partners and local communities.
- Individual sub-regions have determined their own arrangements for LEPs having regard to their priorities and consultations with their own stakeholders. They will build upon what already exists in terms of public –private working and clearly require capacity funding.
- The presumption must be that, other than by exception, delivery and commissioning activity should be undertaken locally by LEPs. It will be for individual LEPs to develop their own partnership arrangements with Government and national agencies based around their own priorities and capacity.
- Any activity undertaken at regional level should be the subject of a value for money test, and following a detailed assessment of whether such activity could reasonably and more cost effectively be undertaken by one of the LEPs on a partnership basis.
- Any regional body should be accountable on a day to day basis to the Leaders Forum. Business leaders are being encouraged to bring forward their own proposals for engaging with the Leaders Forum on major priorities and working with other stakeholders to undertake "deep dives" on matters of regional interest for discussion with the Leaders Forum.
- LEP Chairs should in addition be invited to discuss with the Leaders Forum matters of mutual concern say 3-4 times a year.
- The Regional Body must maximise all opportunities to secure central government or European or private sector resources into the North West that any one LEP acting alone could not secure.

- The Regional Body will also provide co-ordination and a strategic approach to cross boundary, mutually inter-dependent issues, often via policy expertise from one of the North West LEPs.
- North West LEPs will work collectively with NWDA, GONW, and CLG, BIS and HMT on orderly transition arrangements.
- It will be essential that North West LEPs are supported through the retention in the North West of NWDA assets including its land and property portfolio.