

## LEP Review

Report to the Investment and Regulation Board , 7th September 2018  
Joint report from Kishor Tailor and Richard Kendall

### 1. Summary

- 1.1. The Government published the report from the LEP Review, *Strengthened Local Enterprise Partnerships*, on 24 July. This briefing note summarises the key points and actions required.
- 1.2. The continuing importance of private sector leadership and engagement, and the core role of LEPs in delivering the industrial strategy, are emphasised in the review.

### 2. Background to the review

- 2.1. Government confirmed its continuing commitment to LEPs in the Industrial Strategy (November 2017), including announcing the Council of LEP Chairs chaired by the Prime Minister. The Industrial Strategy also committed Government to working with LEPs to strengthen them in readiness for developing Local Industrial Strategies (LISs), responding to Brexit and the future introduction of the UK Shared Prosperity Fund.
- 2.2. The review document marks the conclusion of the ministerial review, and there are a number of actions for LEPs to take up. These are summarised under the following sections.

### 3. Role and responsibilities

- 3.1. Government expects public/private collaboration to continue: “**Private sector leadership remains integral**...Businesses provide essential market intelligence to inform local decision making. **Councils are also critical**. They provide political accountability and community knowledge. They support business growth through their statutory functions, investment in economic infrastructure, and wider role in creating quality places. Successful [LEPs] have also worked closely with **universities, business representative organisations, further education colleges, the voluntary sector, and other key economic and community stakeholders.**”
- 3.2. Government is setting all LEPs “**a single mission to deliver Local Industrial Strategies to promote productivity**. This should include a focus on the foundations of productivity and identify priorities across Ideas, People, Infrastructure, Business Environment and Places”. *(Note: These have already been adopted in the Humber LEP’s Blueprint)*
- 3.3. LEPs will continue to set their own priorities, but Government expects to see focus on the following:

“**Strategy:** Developing an evidence-based Local Industrial Strategy that identifies local strengths and challenges, future opportunities and

the action needed to boost productivity, earning power and competitiveness across their area.

**“Allocation of funds:** Identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy.

**“Co-ordination:** Using their convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors.

**“Advocacy:** Collaborating with a wide-range of local partners to act as an informed and independent voice for their area.”

3.4. Government will work in phases with areas to develop LISs by early 2020. The first two waves have been announced, and cover only LEP areas without overlaps.

3.5. LEPs will be required to produce annual delivery plans by April 2019, and end of year reports.

#### **4. Leadership and organisational capacity**

##### **4.1. Role of LEP Chair**

4.1.1. A great deal of emphasis is put on the role of LEP Chairs, as “visible, active participants in the business community, supported by boards with a strong business and community voice”. Chairs are expected to be strategic operators and have an eye on detail.

4.1.2. LEPs will be expected to consult “widely and transparently with the business community before appointing a new Chair”.

4.1.3. Government will assist with advertising Chair vacancies, and introduce a new induction and training programme for board members and officers.

4.1.4. A new role of **Deputy Chair** will be created to support Chairs with their roles.

4.1.5. LEPs will need to introduce term limits for Chairs and Deputy Chairs where these are not already in place.

##### **4.2. Board member requirements**

4.2.1. Private sector representatives must form at least two thirds of the board (current requirement is one half), with a maximum permanent board of 20 people. Up to five additional people with specialist knowledge may be co-opted on a one-year basis.

4.2.2. LEPs are expected to improve the **diversity** of LEP Chairs and board members “both in terms of protected characteristics and also in drawing

from a more diverse representation of sectors and all parts of their geography, with representation from more entrepreneurial and growing start-ups and from...voluntary and community sector bodies”.

4.2.3. Government’s aspiration is for equal representation of men and women by 2023, with at least a third of members being women by 2020.

#### **4.3. LEP capacity**

4.3.1. LEPs need to provide “a secretariat independent of local government to support the Chair and board in decision making”.

4.3.2. Government will commission an independent benchmarking of LEPs’ capacities and capabilities. An additional £200k **capacity** funding (targeted at staff recruitment/development) will be provided in 2018 for each LEP “that clearly sets out how they will adopt these changes and are ready to develop Local Industrial Strategies”.

4.3.3. LEPs will be supported “to develop a strong local evidence base of economic strengths, weaknesses and comparative advantages within a national and international context”.

4.3.4. Government will require “robust evaluation of individual projects and interventions”.

### **5. Accountability and performance**

5.1. Government wants LEPs to be “**autonomous**” and “**self-regulating**”, but will retain “accountability and oversight over the system as a whole”. It will publish a statement on its approach to intervention over non-compliance or underperformance.

5.2. The level of control over future funding will be linked to LEP **performance** and individual programme performance. LEPs will be held to account based on their delivery plans.

5.3. All LEPs should have a **legal personality** by April 2019; for areas without a combined authority, this means incorporating as a company. This “reflects [LEPs’] more prominent role in local growth, that they are their own business-led organisations and will allow them to enter into legal commitments to take on further responsibilities in the future.”

5.4. LEPs will continue to have accountable bodies (a lead local authority), with their Section 151 Officer (finance director) accountable for the proper conduct of financial affairs.

5.5. LEPs will be required to hold public AGMs (*the Humber LEP has always held these*) and will be barred from operating paid membership schemes.

5.6. LEPs will need to set out individual accountabilities for spending decisions, appointments and governance (Board, Chair, CEO, sub-boards, accountable

body etc), and set out how they will “ensure external scrutiny and expert oversight”.

## **6. Geography**

6.1. To deal with their expanded roles, Government wants to ensure that LEP geographies provide “simplicity, accountability and practicability”.

6.2. Government has asked LEP Chairs to submit proposals by 28 September “on geographies which best reflect **real functional economic areas, remove overlaps** and, where appropriate, propose wider changes such as mergers”. Revised geographies must come into effect by spring 2020 at the latest in preparation for future funding allocations.

6.3. Government expects LEPs to **collaborate** on common interests, and not necessarily just with their neighbours.

## **7. Next steps**

7.1. The LEP will need to implement the review over the coming months, including by refreshing its Assurance Framework when new guidance is issued.

7.2. The two immediate deadlines are:

- 28 September – submission of proposals for revised geographies
- 31 October – submission of implementation plans on the rest of the review

7.3. The LEP Board meets on 14 September and will be discussing next steps.