

LEP Review Implementation

F&R

September 2018

Background

Government published its review – Strengthened Local Enterprise Partnerships¹ – on 24 July 2018. The review gives a clear mission for LEPs – to deliver Local Industrial Strategies to promote productivity. The document then sets out how Government and LEPs will work together to strengthen leadership and capability, improve accountability and manage risk, and provide clarity on geography in order to achieve this mission. This paper sets out HotSW's approach to meeting the requirements of the review and highlights the key issues. It should be read in conjunction with the Annexes A-D which have been provided by Government for LEPs to use in their response

Recommendation

F&R are requested to review the initial draft response in the attached templates and provide guidance/ comment as set out in the template.

Key Findings

A summary of the key findings is given below. Please see the link to the review under the footnote to this paper for more detail.

- Geography: LEPs are required to propose solutions to overlapping geographies and consider appropriate scale for each LEP
- Leadership & capability: recruitment of Chairs to be open & transparent with a term-limited period; deputy chairs to be appointed; improve gender balance and representation of those with protected characteristics on LEP Boards; improve induction and training for Board members; provide a secretariat independent of local government; develop a strong local evidence base of economic strengths, weaknesses and comparative advantages; have robust evaluation of projects and interventions
- Accountability & performance: LEPs to have a 'legal personality' i.e. incorporation as companies in non-mayoral/ combined authority areas; set out clearly responsibilities of Chair, Board, Director & Accountable Body along with how decisions are made; establish relevant local authority scrutiny arrangements; hold annual general meeting. Measures to be set out in revised National Assurance Framework
- Mayoral Combined Authorities: LEPs to have a distinctive role in setting strategy and commissioning interventions to drive growth; local agreements developed over LEP/MCA roles; LEP/MCA geographies encouraged to be coterminous

Implementing the Review - national

In response to the review, LEPs are required to take several key steps in the coming months and this paper sets these out, along with current status and relevant considerations.

The LEP Network has established a steering group to support LEPs to respond to the reforms and has established five workstreams covering geography, delivery plans, legal personalities, Local Industrial Strategies and the National Assurance Framework. The Steering Group will also pick up anything not covered by the working groups, such as: inter-group communications; working towards the diversity targets (33.3% women Board

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728058/Strengthened_Local_Enterprise_Partnerships.pdf

members by 2020; 50% by 2023); communications with external stakeholders; induction and training for new Board Members. HotSW will work with the steering group and the workstreams in developing our response.

Government is making up to £200,000 additional capacity funding available to each LEP to support implementation of the review and development of an evidence base for Local Industrial Strategies. Government expect this will in the main focus on strengthening in-house capacity and capability in analytic, policy and programme management areas. Government have also provided a guidance note and annexes which are attached for LEP completion. Annex A is the guidance, Annex B covers the geography question and Annex C the remaining issues whilst also being the LEP’s implementation plan. Annex D sets out how the LEP intends to use the additional capacity funding being made available and award of this is dependent on a satisfactory response.

HotSW Actions to Implement the Review

In some cases, HotSW is already meeting the requirements from the Review, e.g. Chair’s appointment is term limited and a Deputy Chair is in place. In others, actions are required; the table below is extracted from the template (Annexes B & C) and shows the main points in the LEP’s proposed response along with any actions needed – please see the Annexes for the full action and response; plans to utilise the additional capacity funding will be developed in the coming weeks. Of note is the position on the geography question.

The below represents an initial view of the response and more details will be developed in the coming weeks; unless otherwise indicated, actions will be taken forward by David Ralph or Eifion Jones. Stephen Jones, leading the LEP Review at MHCLG, will visit HotSW on 5th September, giving an early opportunity to discuss implementing the LEP Review.

Following F&R consideration, the draft response will be presented to the LEP Board on 17 September and, given timings of Board meetings, it will be recommended that F&R works to finalise the responses on behalf of the Board.

Annex B – by 28th September

Recommendation	Complete?	Drafting Points in HotSW Response
Response on geography by 28 September: “proposals...which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers”		No change proposed: <ul style="list-style-type: none"> - No geographic overlap - Operating alongside an aligned political structure (Joint Committee) - Largest land area of all LEPs - Highly self-contained: 91% of those employed in the LEP area work in the LEP area (7th highest LEP area) - Data on overlaps with WECA
Encourage LEPs and mayoral combined authorities to move towards coterminous boundaries where appropriate	N/a	

Annex C Implementation Plan – by 31st October

Recommendation	Complete?	Drafting Points in HotSW Response
Outline plans to draft and		• Focus on HotSW ‘products’, e.g. LIS

publish an annual delivery plan by April 2019 and an end of year report at the end of the 2019-20 financial year		development, Local Growth Fund, ESIF, Enterprise Zones, inward investment (HPO), LIS opportunities suite. Will contain Leadership Groups delivery plans. Document to be the HotSW business plan for 19/20 <ul style="list-style-type: none"> • Cross-reference to Govt qualitative & quantitative measures & LEP Network • Include details of Board members, executive
Govt expects that each LEP consults widely and transparently with the business community before appointing a new Chair, and appoints a Deputy Chair	Y	<ul style="list-style-type: none"> • Complete: transparent process followed for selecting current Chair and will be repeated in lead up to replacement January 2020 • Deputy Chair already in place
LEPs to introduce defined term limits for Chairs and Deputy Chairs where these are not currently in place	Y	<ul style="list-style-type: none"> • Complete. HotSW term limited to 6 years ending Jan 2020
LEPs to have private sector form at least two thirds of the board; maximum Board of permanent 20 people	Possible	<ul style="list-style-type: none"> • Articles state up to 6 public sector, up to 2 HE, up to 1 FE with the balance to be private sector to ensure a majority. • Compliance dependent on accepted definition of private sector (BEIS confirming). Current Board is 19 Directors: 5 public sector, 10 private sector, 2 HE, 1FE. Private sector is 52% if HE/FE excluded or 68% if included • Articles will need amending to be compliant • If HE/FE are private, recommendation of no co-opting due to size of exiting Board and that HotSW is compliant
Improve gender balance and representation of those with protected characteristics; equal gender split by 2023 2th interim target of 1/3rd female by 2020	Partial	<ul style="list-style-type: none"> • Board's gender balance is currently 7 female, 12 male or 37/63 in a Board of 19 thereby meeting the 2019-20 target. • Directors last recruited 2017, each serve 6 years so recruitment of replacements at the end of that term in mid-2023 will be the first opportunity to make large-scale changes and achieve 50/50 balance. • Agreed policy on retirement of any Board members before 2023 to be developed: recommendation is that the policy is open recruitment with a view to achieving gender balance target. F&R to advise • Opportunity to consider policy of rolling retirements to 2023 to avoid large loss of experience in one go.

Secretariat independent of local government	Y (TBC)	<ul style="list-style-type: none"> • Early advice from BEIS is that CEX employment by University of Plymouth means this is compliant
Adoption of legal personality by April 2019	N	<ul style="list-style-type: none"> • Early BEIS guidance is that dormant status of CIC will not be compliant. Guidance to be commissioned on options for the LEP's future corporate structure and their implications • Board consideration of the type of LEP HotSW wants to be
LEPs to have a single Accountable Body within in each area responsible for all LEP funding by Spring 2020	TBC	<ul style="list-style-type: none"> • Current arrangements are SCC for majority of Accountable Body work, DCC for Growing Places Fund, University of Plymouth for CEO & COO employment contracts • Future arrangements likely to be at least partially dependent on the legal personality of the LEP
All LEPs to hold an AGM, open to the public	Y	<ul style="list-style-type: none"> • Existing HotSW practice; next AGM 12 November
LEPs to set out who is accountable for spending decisions, appointments, and overall governance by start of 2019-20	TBC	<ul style="list-style-type: none"> • Scheme of Delegation/ local Assurance Framework to be checked against revised Assurance Framework when published (MR)
LEPs to set out how they will ensure external scrutiny and expert oversight	Assumed to be compliant	<ul style="list-style-type: none"> • LEP has been working with Joint Committee partners to develop & agree a scrutiny process • New process to be finalised and relevant details added here. Working assumption is that these arrangements will mean HotSW is compliant – to be tested with BEIS

Milestones

These are:

- F&R review 4 September
- LEP Board consideration 18 September
- Develop and submit proposals on geography by 28 September (F&R sign off)
- Develop and submit an implementation plan for the review's recommendations by 31 October 2018 (F&R sign off)
- Include the proposal for additional capacity funding alongside the implementation plan
- Autumn - government response to LEP proposals.
- November/December - Annual Conversations (timescale to be agreed).
- LEPs to be compliant with the revised National Assurance Framework by 28 February 2019
- April 2019 - submission of LEPs Delivery Plan.
- By early 2020 - agreed Local Industrial Strategies in place for every LEP area.