

F & R Feb meeting Paper 4 a

Delivering the Productivity Strategy and Devolution Discussions – Options Paper

Purpose

With the Productivity Strategy drafting largely complete, subject to Joint Committee and LEP Board sign-off in March, emphasis is moving onto the development of the Delivery Plan and developing the detail of the Devolution discussions now under way with Cities & Local Growth (CLOG).

This paper considers the options for how the different elements within the partnership could be arranged to facilitate the development of both elements: Delivery Plan and the substance of the Devolution discussions.

Recommendation

It is proposed that this paper is considered by the JC's CEX Advisory Group and LEP and these options are debated as an initial way forward. Within the LEP this will be considered by the Finance & Resources Committee and, if necessary, the LEP Board.

Background

1. Introduction

With the Productivity Strategy drafting largely complete, subject to Joint Committee and LEP Board sign-off in March, emphasis is moving onto the Delivery Plan and developing the detail of the devolution discussions now under way with Cities & Local Growth (CLOG). The drafting group has an agreed terms of reference, reporting into the CEX Advisory Group, and which recognise that the role of the drafting group will evolve as the emphasis in the work shifts.

This paper considers the options for how the different elements within the partnership could be arranged to facilitate the development of the Delivery Plan and the substance of the devolution discussions. Key considerations include:

- **Credibility:** the current work is thinly resourced; this is unsustainable in the longer term and risks the partnership's ability to both develop a significant offer to Government and realise the ambition in the Productivity Strategy.
- **Expertise:** any resourcing also needs to ensure the relevant expertise across the partnership is drawn on and a large contribution from economic development officers and the LEP can therefore be necessary
- **Duplication:** making effective use of time and resources means duplication is to be avoided if at all possible
- **Engagement:** the partnership is broad – 19 authorities and national parks, the LEP and the CCGs. Work needs to continue to develop on a true partnership-wide basis, so developing robust proposals and retaining engagement

Also of note is the on-going Government review into the role of LEPs. This is now expected to be published in May/ June 2018 and is anticipated to set out a 'strengthened' role for LEPs. There may therefore be some logic to considering these arrangements as being interim until the review and its recommendations are clear.

2. Relationship between: Productivity Strategy/Local Industrial Strategy/Devolution/Delivery Plan

The Productivity Strategy provides the over-arching background for a Local Industrial Strategy, the devolution discussions and, obviously, the delivery plan. All work together to achieve the ambitions within the Strategy

Local Industrial Strategy

As and when a Local Industrial Strategy is to be developed, this is likely to focus on 2-4 clear competitive advantages the area has and so will a) be a 'slice' through the Productivity Strategy and b) involve cross-LEP working due to the interlinked nature of our economies. For example, Heart of the SW could lead on new nuclear with West of England playing a supporting role, whilst the opposite could be the case for aerospace. More guidance will be forthcoming.

It seems likely that LEPs will be commissioned by Govt to produce the Local Industrial Strategy for their areas. In accordance with our practice on the Productivity Strategy a dual key sign-off is likely to be needed – ie agreement separately by the JC and LEP Board.

Devolution

The current work is split into themes of 'Asks'; at this stage it's not known how quickly or otherwise these will progress and this will be explored further with CLOG in the coming weeks. The themes have a nominated lead within the partnership's CEX and can be mapped against the Productivity Strategy as shown below.

At this stage the role of CEX theme leads has not been specified in depth and is something for the CEX Advisory Group and Delivery Board to consider further over time. The current focus is on the key 'Asks'.

Note that the Strategic Themes will in some cases be multiple, so there is a strong Skills component to Digital Connectivity, likewise rural & coastal productivity will feature elements of all three Strategic Themes. The mix of themes and leads are shown below:

Devolution Theme Ask	CEX Lead(s)	High Level Asks	Productivity Strategy Strategic Theme
Productivity Strategy	Tracey Lee Chris Garcia	Early pilot to develop Local Industrial Strategy (LIS)	Whole Strategy
Rural and Coastal Productivity	Steve Walford (rural) Steve Parrock (coastal) Kevin Bishop (National Parks)	Govt to become members of Rural Productivity Task Force Support for new Rural and Coastal Enterprise Zones	
Transport	Stuart Brown	Support for the establishment of a South West Peninsula Sub-National Transport Body	

Digital Connectivity	Pat Flaherty Phil Norrey	Support our CDS Action Plan for accelerated implementation of digital connectivity	Housing, Connectivity & Infrastructure
Housing	Karime Hassan	Innovative Housing Deal (high growth and rural areas)	
Strategic Planning	Karime Hassan Steve Parrock Tracey Lee Pat Flaherty	National Infrastructure Commission Growth Corridor Study	
Ideas	Chris Garcia	Delivery Plan for the MoU with Innovate UK	Business Leadership & Ideas
Employment, Learning and Skills	Doug Bamsey	Institute of Technology proposal Establishment of a Skills Advisory Panel Retention of ESF and support for flexible use	Employment, Skills & Learning

The LEP has also extended invitations for the CEX theme leads to attend its Leadership Groups – see below.

Delivery Plan

Detailed arrangements for the development of the Delivery Plan are being worked on through a structure where:

- The Strategy sets the overall direction,
- The Devolution discussions set a delivery framework and
- The Delivery Plan then sets out the detail over 3-5 years.

Important in this arrangement is that the Delivery Plan is not just informed by the Devolution discussions as there will be other actions necessary to drive productivity growth, e.g. export support for all businesses, or the work of a local Digital Skills Partnership.

3. Joint Committee Arrangements

It should be noted that the Joint Committee has a set of specific terms of reference (for brevity not repeated here) and its voting membership is limited to Local Authorities in HotSW. The LEP is not a voting member of the Joint Committee and has not devolved any of its responsibilities to the Joint Committee; but is very supportive of the Local Authorities ambitions to working jointly. To help and advance the joint working of the Local Authorities through the JC the LEP has provides support, both financial and in terms of staff time.

The Joint Committee is supported by a CEX Delivery Board, meeting quarterly and consisting of all CEX from local authorities, the national parks and the LEP CEX also participates. More detailed operational work is undertaken by the smaller CEX Advisory Board with the arrangements shown in the diagram below



4. LEP Arrangements

The LEP's Board is supported by three Leadership Groups and two financial committees, Finance & Resources (F&R) and the Strategic Investment Panel (SIP). F&R focusses on the LEP's internal finances whilst SIP has delegated authority from the Board to oversee the LEP's investment portfolio and investment decisions.

The Leadership Groups are organised around People, Place and Business and so already match the Strategic Themes in the Productivity Strategy. Each Group is chaired by a LEP Board member and supported by upper tier local authority officers working under a Service Level Agreement with the LEP (which the LEP funds to the tune of circa £500,000 per annum). The Groups' members are drawn from local authorities, FE, HE and business and provide advice and guidance both to the Board on the LEP's work to deliver the SEP's priorities, and to officers doing the detailed work to behind this. In future the Productivity Strategy will replace the SEP as the LEP's strategic focus. The Leadership Groups also provide recommendations on pipelines of investment to SIP for funds channelled through the LEP

As noted above, CEX theme leads will be invited to attend the Leadership Group meetings to better integrate the Joint Committee and LEP work.

5. Drawing it All Together - Options

The options are driven by the need for dual key sign off of the work and how to make best use of our limited resources. In this connection the drafting group contains a lot of the expertise to develop both the Devolution work and the Delivery Plan. CEX are going to need additional resource to develop and test ideas as Devolution discussions progress and the LEP has Leadership Groups with a broad set of expertise at a senior level.

Two proposals therefore are outlined below for discussion. These are not an exclusive set of options available as a number of variations on these two themes are possible:

OPTION 1

- i) The drafting group is reconstituted as a 'Policy & Technical Support Group' (the PTS Group), working in a twin track to:

- a. The LEP Management Group and through them to LEP Board and Governance Structure
- b. The CEX Advisory Group and through them to the JC.
- ii) Membership of the PTS Group is drawn from officers in the local authorities, the National Parks and the LEP to give a blend of expertise across policy and economic development across the partnership for CEX to draw on.
- iii) The PTS Group has identified leads for each topic area/ theme the CEX Advisory Group need to focus on
- iv) CEX 'commission' the PTS Group to prepare work as required. In doing this the PTS Group work with the LEP Management Team and the LEP Leadership Groups to a) draw on their support as sounding boards for the development of work, b) ensure alignment between the JC work and LEP work. Note that in reality it is likely in some cases that the same officer would be the lead for an area such as skills for both the Policy Group and the LEP. This brings expertise to bear but roles and responsibilities needs further detail
- v) CEX theme leads are invited to join the LEP Leadership Groups to provide a direct link between the LEP and JC work and to draw on the Leadership Groups' advice in developing work. In this vein, the CEX theme leads could be seen as 'champions' for their topic who provide a local authority sounding board function both individually and acting in the LEP Leadership Groups, and who provide an authoritative voice to the JC and wider CEX groups.

Contributing resource to a Policy & Technical Advice Group could require funding to partners for officers' time. Any proposal therefore needs careful consideration of this which may have an impact on JC budgets.

Similarly, any scenario also needs the impact on LEP resourcing via the SLAs to be considered alongside ensuring roles and responsibilities are managed effectively.

OPTION 2

An alternative arrangement has been informally suggested based on practice elsewhere in the country. It could be a lot simpler to organise than Option 1 with less scope for confusion and duplication. It retains the role of the JC as leading on the relevant work streams.

In this model the JC/CEX would 'commission' the LEP to develop work on its behalf in the different areas. In this scenario the LEP works for the JC; it becomes a delivery channel for the JC, with an appropriate written terms of reference to which the LEP would work. The LEP CEX would deliver for the JC as if the JC were a customer of the LEP and the JC SRO would be the "contract officer" for the work. The governance structures of the LEP remain as at present, drawing on its local authority resource available through its Service Level Agreements and other resources as needed to bring in expert capacity to deliver JC/CEX commissions. Meeting JC requirements would be handled through contractual arrangements – in a similar fashion to how the Govt currently gets the LEP to meet its assurance frameworks.

The LEP would utilise the CEX Theme leads as Champions of the different work streams, enabling their direct participation in the three Leadership Groups, thereby creating a direct link from CEX to the LEP's work. The PTS Group is still needed but works in a more straightforward fashion as a LEP Project Group in this option.

Any such arrangement would require agreement of the LEP Board of the contract arrangements and working through the resource implications but would avoid duplication.