

LEP Future Funding Questionnaire Questions

Below is the full list of questions provided for information; respondents should complete the online form at the following link: <https://forms.office.com/e/39Sgun7XvQ>

Contents

LEP Future Funding Questionnaire Questions	1
Introduction Text.....	1
Section 1: Core Information [mandatory]	2
Section 2: Nature of interaction with Local Enterprise Partnerships [mandatory]	3
Section 3: Questions for Local Enterprise Partnerships (LEPs)	3
Section 4: Questions for MCAs, the GLA, and Areas with new deals.....	8
Section 5: Questions for Local Authorities (LAs)	8
Section 6: Public Sector Equality Duty Assessment [mandatory]	10

Introduction Text

Background

On 15 March 2023, the Chancellor announced that Government is minded to end Local Enterprise Partnership (LEP) core funding. This forms part of our wider work on delivering devolution across England, and we will work with local areas to determine how the functions currently undertaken by LEPs are best delivered at a local level in future, where appropriate and where they are not already delivered by a Combined Authority.

Over the next four weeks officials at the Department for Levelling Up, Housing and Communities and the Department for Business and Trade will be carrying out an information gathering exercise to better understand the impacts that this proposal would have if taken forward, and before a decision is confirmed.

Aim

The aim of this exercise is to fully understand the implications of an end to Government core funding if this were to happen. Core funding is typically used to pay for staff salaries, buildings, marketing, communications, and consultancy.

We have a particular interest in how activities currently carried out by LEPs might change, cease, or be transferred – depending on local plans – in the event of defunding, as well as the potential impact on:

- Economic growth in local areas.
- Decision-making in local authorities, particularly the input of business organisations.
- LEP staff and customers, including those with protected characteristics.
- Legacy projects (i.e. projects that have been funded in previous years through Government or private sector programmes).
- Ongoing separately-funded functions such as Growth Hubs and Careers Hubs.

And an interest in whether the impact would differ between areas with devolution deals and

those without, and whether LEPs would continue or cease operations without this funding.

Structure

This questionnaire is split into six sections. The sections marked with an asterisk are mandatory. Respondents should only complete relevant sections.

- Section 1: Core Information.*
- Section 2: Nature of your relationship with Local Enterprise Partnerships.*
- Section 3: Questions for Local Enterprise Partnerships.
- Section 4: Questions for Mayoral Combined Authorities (MCAs), the Greater London Authority, and areas that have agreed devolution deals.
- Section 5: Questions for Local Authorities.
- Section 6: Public Sector Equality Duty Assessment.*

Data Security

Except where questions are mandatory, you are not required to respond to all of the questions in the section relevant to you, but the information you provide will be used to inform the final decision. Please highlight if any information shared is commercially sensitive. It will not be shared outside of HM Government.

Please direct any questions to lepinformation2023@levellingup.gov.uk.

Section 1: Core Information [mandatory]

1. What is your name?
Eifion Jones, Chief Operating Officer
2. Please provide your email address.
3. What is the name of your organisation?
Heart of the SW LEP CIC Ltd (check)
4. What type of organisation is it?
 - a. LEP
 - b. LA
 - c. MCA, the GLA, future devolved area
 - d. Other
5. Which area(s) of England does your organisation operate in? Please tick all that apply.
 - a. North East
 - b. North West
 - c. Yorkshire & Humber
 - d. Ox-Cam and East Anglia
 - e. West Midlands
 - f. Greater London
 - g. South East
 - h. South West

Section 2: Nature of interaction with Local Enterprise Partnerships [mandatory]

If you represent a LEP, please enter n/a and move to Section 3, where this is information is captured in more detail.

N/a

6. How do you currently work with your local LEP? What are the key activities for your organisation that the LEP currently delivers? Please give details.
7. Without core funding, it is possible that LEPs will reduce or cease their operations. What impact would that have on the following:
 - a) Your own operations
 - b) Your stakeholders
 - c) Your customers
 - d) Your future plans
 - e) Any programmes or activities carried out in partnership or via the LEP.
8. What (if any) impact would you envisage transferring responsibility of LEP functions to local authorities, where they are not already being delivered by a Combined Authority, having?

Section 3: Questions for Local Enterprise Partnerships (LEPs)

Please only respond to this section if you represent a Local Enterprise Partnership.

We recognise that for some LEPs in prospective devolution deal areas, some of your answers may depend on what happens with devolution in your area. Where this is the case, please flag any uncertainties in your answers if appropriate.

9. If you do not continue to receive core funding, would you be likely to:
 - a. continue operating
 - b. transfer functions where appropriate and cease operations?

Unknown at this point as Board have not discussed. As an incorporated body, the LEP continues to meet the going concern criteria, i.e. ability to trade for at least 12 months, and we have income to support this. Depending on the eventual devolution deal & Somerset arrangements is it possible the span of functions under continuation may be different but this is yet to be discussed with the Board and local partners.

10. If you would be likely to continue operations, what functions would you cease to deliver in the absence of core funding?
Unknown at this point but likely to continue managing the CIC's assets, supporting Great SW PRP and work not picked up through Devon devolution & Somerset arrangements, but to be discussed with the Board and local partners.

11. If you would be likely to cease operations, please specify any significant liabilities such as ongoing MoUs and contracts with government, local authorities, or private businesses, including any subsidiaries owned by the LEP.
As an incorporated CIC we have specific responsibilities through the asset lock, also specified in our Articles, regarding CIC assets and liabilities. Liabilities include potential redundancy costs for staff; Service Level Agreements with local partners have a 3 month notice period for any changes. Liabilities also include remaining grant agreements for 12 LGF projects through 23/24 and 4 LGF projects through 24/25, with final spend by December 2024. Growing Places Fund loans' repayments run to September 2029.

Please also specify any plans for joint ventures and special purpose vehicles with local and national partners, and any plans for handling public money (e.g. retained business rates).

It's not clear if Town Deals, Enterprise Zones & Plymouth & South Devon Freeport are included here, all of which the LEP is involved as part of the governance. The LEP is developing a finance platform as part of maximising SME access to the British Business Bank SW Fund which requires sustaining into the future & options around this are being considered.

12. How many people (FTE) do you have working for you and what functions do they deliver?
- a) Directly employed – 5 FTE
 - b) Under contract to provide services (contractors) xxxxx. Need to set out who they are incl lan & SLA people. Also include GH and CEC staff but show they're separate contracts vs SLAs
 - c) Temporary staff
 - d) Secondees

13. How many staff (FTE) are funded solely or partially by core funding?
We don't distinguish between posts funded through core funding and posts funded through other income sources

14. If core funding were to end in April 2024, would you expect to have to make any staff redundant? How many (FTE)? What are your estimated redundancy costs?
Unclear at this point which posts might be affected as it would at least in part depend on what functions pass to other organisations, which cease and which may continue. Total LEP redundancy liability for 5 FTEs is £210,000. There is additional liability for Growth Hub and CEC staff for which the LEP has provisioned £230,000

15. If required, how would you propose to handle resourcing questions such as return of secondees to parent bodies, TUPE of staff, etc.?
Unclear at this point – it would depend on arrangement with local partners

16. What proportion of your overall income in 2022-23 is core funding?

Income breakdown as below:

£m	<u>2022-23</u>	<u>2023-24</u>
Reserves	0.883	Nil
Enabling Fund	0.085	0.020
Partner Contributions	0.120	0.060

Govt Grant	0.375	0.250
Interest on Funds Held	0.225	0.922
Interest on loans	0.451	1.886
Cost Offset		0.073
	2.139	2.381

17. What private sector income in 2022-23 do you receive, e.g. funding for Careers Hubs, match funding from local partners?

Private sector income is from universities' contributions: £20,000 (in Partner line in 16)

Possibly add CEC £500k here?

18. Which local authority acts as your accountable body?

Somerset Council

19. Do you have financial reserves? How much? What would be the actual and planned use of these?

Yes. Forecast closing reserve end 23/24 is £1.2m; due to late confirmation of core funding in recent years, the LEP has deliberately adopted a cautious policy to build a reserve which means it can meet its going concern threshold and provide certainty to staff and partners

20. What contractual agreements (commercial, employment, etc.) do you have beyond April 2024 and what costs are associated with these? What is the duration of these contractual agreements?

Growing Places Loan agreements run to Sept 2029, four Local Growth Fund projects are forecasting spend under freedoms & flexibilities to December 2024. The LEP has a SLA with University of Plymouth for HR support to end September 2024

21. Do you have any Local Growth Fund (LGF), Getting Building Fund (GBF), or Growing Places Fund (GPF) money remaining to spend? If so, how much do you expect to have unspent by fund (£m) by April 2024? If you plan to cease operations should core funding end in 24/25, how do you propose to deal with any unspent funding?

- **£2.236m Local Growth Fund forecast spend 2024-25**
- **Loan repayments on Growing Places Fund due in 2023-4 mean balance held end March 24 is forecast as £6.638m. A further £9.9m is due for repayment through to Sep 29**

The LEP is also holding provision in reserves for redundancy for LEP staff and to provide for any liability for redundancy for Growth Hub and Careers Hub staff (see q.14)

Any unspent funding is a CIC asset which has to be dealt with in line with CIC and Articles' obligations under an asset lock

22. Has the LEP been a Grant Recipient for European Regional Development Fund (ERDF)? If so, what arrangements will be made to retain the project audit trail in an accessible format until December 2033 in line with the contractual agreement?

Not directly. Somerset County Council acted as accountable body for an ERDF project which closes June 23 and retains the audit trail

23. What implications would there be if hosting arrangements for Careers Hubs sat outside of LEPs? e.g. Local Authorities.

We currently working with CEC on current Careers Hub delivery to disaggregate this into Devon County Council and Somerset Council from the 23/24 academic year

24. Do you currently oversee the operations of an Enterprise Zone? *The following four questions relate to the operations of Enterprise Zones. If you do not currently oversee the operations of an Enterprise Zone, please skip ahead to question 29.*

The LEP is a partner to Enterprise Zones in Somerset (Gravity), East of Exeter and Oceansgate (Plymouth).

25. If yes, what local arrangements (i.e. MoUs/contracts) are in place to determine how the growth in retained business rates generated by an Enterprise Zone site are distributed?

MOUs were agreed in 2016 and lapsed in 2020 however the MOUs set out the following

The parties shall aim to revise and update the Memorandum of Understanding at that time with the aspiration of entering into a replacement memorandum of understanding on or prior to the expiry of the Term. The Relevant Local Authorities and the Local Enterprise Partnership agree that the following priorities and principles shall inform all such future considerations and agreements:

- 1. The Local Enterprise Partnership agrees that in relation to retained business rates a core aspiration should be that Relevant Local Authorities should not be placed in a poorer business rates receipts position (in aggregate) as a result of implementing their Enterprise Zone(s) in comparison to the position they would be in if such areas were governed by the standard business rates regime at the time. Further detail will be determined in the agreed implementation plan.***
- 2. Business rates receipts following allocation to recompense the Relevant Local Authorities for their Enterprise Zone Investment Programme and development costs, as set out in the implementation plan referred to in clause 3.4, shall be made available for wider investment, in conjunction with the Local Enterprise Partnership across the priorities within and area of the Strategic Economic Plan.***

Subsequently the LEP has signed an inter-authority agreement relating to Gravity in Somerset

26. Are there any other MoUs or contracts pertaining to the management of the Enterprise Zone that we should be aware of (including where borrowing has taken place against the future receipt of retained rates)?

DR to send wording

27. What are your receipts/income from property/land, including 'evergreen' investments?

n/a

28. Do you have any liabilities that are being funded using Enterprise Zone income to borrow money, for example, to fund infrastructure development over several years? If so, can you please provide details?

No

29. What major assets do you own or have a financial or contractual interest in (e.g. land, buildings, data and knowledge assets, etc.)?

GPF loans plus any charges on LGF/ GBF etc

30. What local agreements are in place to determine how assets are managed and appropriately transferred or disposed of?

See other comments re asset lock. The LEP is a CIC and therefore treatment of assets must meet the requirements of the asset lock and those in the LEP's Articles

31. Are there any other impacts in the event of LEPs no longer receiving core funding, or the transfer of LEP functions, that you would like to make us aware of?

The table below shows those items understood as "LEP functions" as defined by Govt in the 2022 integration guidance but as the table shows, there are other areas of work the LEP delivers outside these functions. Whether this work continues, which organisation(s) do it, how it is funded etc all need to be worked through as part of the transition work. This includes for example, continued support of Great SW

"LEP function" as per integration guidance

- | | |
|--|-------------|
| 1. Strategic and x-area leadership | |
| <ul style="list-style-type: none"> • GSW • MPs/ Westminster • others, e.g. business voice, cross-LEP area working on shared priorities etc • provision of economic analysis/ intelligence/ evidence base | ✓ |
| 2. Transformational programmes | |
| 3. Business support | |
| <ul style="list-style-type: none"> • Growth Hub • inward investment & export: <u>incl</u> DBT liaison • Shaping/ providing business support for the area | ✓
✓ |
| 4. Skills | |
| <ul style="list-style-type: none"> • Local Skills Advisory Panel (defined as LEP function but no longer funded by Govt Apr 24 onwards) • Careers Hub • Local Digital Skills Partnerships | ✓
✓
✓ |
| 5. Facilitating/ supporting inclusive growth | |
| 6. Investment programme to support the above | |
| <ul style="list-style-type: none"> • Growth Deal • Getting Building Fund • Growing Places loan Fund | ✓
✓ |

As noted elsewhere, HotSW LEP is a CIC with an asset lock written into its Articles. Any decision over LEP assets the Board may need to make has to work within this framework.

Section 4: Questions for MCAs, the GLA, and Areas with new deals

Please only complete this section if you represent a Mayoral Combined Authority, the Greater London Authority, or an area that has agreed a devolution deal.

32. Were the cessation of Local Enterprise Partnership (LEP) core funding from 2024/25 to apply to MCAs, the GLA and Devolution Deal areas how would this affect your plans for integration?
33. How would the cessation of LEP core funding affect your subsequent delivery of remaining functions (e.g. Careers Hubs, Growth Hubs)?
34. How would it affect your provision of a business voice to influence key economic decisions?
35. Do you currently oversee the operations of an Enterprise Zone? *The following two questions relate to the operations of Enterprise Zones. If you do not currently oversee the operations of an Enterprise Zone, please skip ahead to question 38.*
36. If yes, what local arrangements (i.e. MoUs/contracts) are in place to determine how the growth in retained business rates, generated by an Enterprise Zone site, are distributed?
37. Are there any other MoUs or contracts pertaining to the management of the Enterprise Zone that we should be aware of? (including where borrowing has taken place against the future receipt of retained rates).
38. What local agreements are in place to determine how any LEP-owned assets are managed and appropriately disposed of?
39. What have been your key lessons learned from the integration process to date, which would be helpful for others to consider if transferring functions?

Section 5: Questions for Local Authorities (LAs)

Please only respond to this section if you represent a Local Authority.

40. Are you an accountable body for a Local Enterprise Partnership (LEP)? If so, which?
41. How would you plan to incorporate the voice of private sector leaders in support and growth of local economies and highlighting economic opportunities? Would you be minded to continue a relationship with the LEP (if they continued) or put in place a new arrangement?

42. Would your authority be able to take on the remaining LEP functions (Careers Hub, separately funded Growth Hub, ongoing monitoring of the Local Growth Fund, Getting Building Fund, ERDF etc)? If your whole county geography or functional economic area covers more than one upper tier local authority, would you be able to do it on behalf of other local authorities? What governance would you need e.g. joint committee?
43. Were your LEP seeking to continue as a separate organisation what would be the implications of this for your area?
44. Were your local LEP to cease operations, what successor arrangements would you need to consider putting in place in supporting HMG activity in driving co-investment in site development, business growth, and innovation, as well as providing a local focus in responding to economic shocks?
45. How would you ensure that co-operation is maintained in adjoining and economically linked local authority areas?
46. Do you agree that, where a devolution deal is not agreed or in negotiation, the Growth and Careers Hub geographies should be based on a sensible geography as defined by the Levelling Up White Paper i.e. over a sensible functional economic area and/or a whole county geography, even if this involves more than one upper tier local authority working together?
47. Do you currently oversee the operations of an Enterprise Zone? *The following two questions relate to the operations of Enterprise Zones. If you do not currently oversee the operations of an Enterprise Zone, please skip ahead to question 50.*
48. If yes, what local arrangements (i.e. MoUs/ contracts) are in place to determine how the growth in retained business rates, generated by an Enterprise site, are distributed?
49. Are there any other MoUs or contracts pertaining to the management of the Enterprise Zone that we should be aware of (including where borrowing has taken place against the future receipt of retained rates)? How would you propose to handle retained rates in the event of the LEP ceasing operations?
50. In the event of a LEP ceasing its operations, what are your plans for any LA staff who are currently based in the LEP or any of its subsidiaries?
51. In the event of a LEP ceasing its operations, will this have any impact on plans for any joint ventures with the LEP?
52. Should your local LEP choose to continue as a separate organisation, would you have any plans to fund it?
53. Are there any other impacts in the event of LEPs no longer receiving core funding that you would like to make us aware of?

Section 6: Public Sector Equality Duty Assessment [mandatory]

The following questions have been drafted to review how this potential policy decision meets the Government's legal duty under the Equalities Act 2010 to:

1. Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act.
2. Advance equality of opportunity between people who share a particular protected characteristic and people who do not share it.
3. Foster good relations between people who share a particular protected characteristic and people who do not share it.

The Duty covers the protected characteristics of **age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation**.

54. If LEP core funding were to end in 2024/25, what impact might this have on the three elements of the public sector equality duty (numbered points above)?

Currently not know, would need to take legal advice to understand this

55. If LEP core funding were to end in 2024/25, how could the impacts on the three elements of the public sector equality duty (numbered points above) be mitigated for those with protected characteristics?

Currently not know, would need to take legal advice to understand this

56. Are there any programmes or initiatives that you think are noteworthy in terms of servicing users (both beneficiaries of programmes and activities and LEP employees) with protected characteristics (in **bold** above)? How would these be impacted by the end of core funding?

57. **Currently not know, would need to take legal advice to understand this**