

**The Rt Hon Jeremy Hunt MP**

Chancellor of the Exchequer

HM Treasury

1 Horse Guards Road

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**30 June 2023**

Dear Chancellor,

Following your Budget announcement that “the government is minded to withdraw” LEP core funding from April 2024, we have been working with LEPs and Whitehall officials as part of the consultation process to help inform your final decision. I thought it would be helpful to update you on some common themes.

We fully support the aim stated in your letter to me last April “to create a more consistent landscape across England with future devolution in mind and, in a way that reflects economic geography” and want to ensure that the transition of LEP functions into local government is as smooth and consistent as possible. More specifically, we want to ensure places are not left behind, particularly in almost half of all LEP areas that do not have access to a devolution pathway, and to see how best to safeguard the independent influential voice of local business, together with business support and skills functions in those areas. Four interlinked common themes have emerged from our discussions and from local authority feedback:

**1. Devolution:** we have worked hard to ensure that your stated ambition “to see devolution extended further across England” is delivered. This has seen half of all LEPs embark on a devolution pathway with some already having completed their integration. However, the other half do not have access to a devolution deal in the near term. In this instance, LEPs in these local areas will want to agree with their local democratic institutions what local arrangements suit them best, which may include retaining current structures if that is what they want. **In the case of those LEPs we want to back the aim of devolution in “empowering local leaders” and in this context we would ask you please to support the wishes of local leaders who want to see their LEP continue.**

**2. Consistency:** I welcome your aim to create “a more consistent landscape” of service across the country and feel that no area should risk being disadvantaged by your final decision. As I have already said, where there is a clear pathway to devolution the structures are clear and understood. However, where that pathway is yet to be determined or where local leaders cannot reach agreement, then the voice of local business should not be lost, nor the ability to provide business and skills support. We must work together to avoid creating a patchwork of support across the country, by simply agreeing that **there should be an independent, influential Business Board model across all areas taking on LEP functions**, irrespective of the devolution pathway they are on. **I would ask officials to work with the Network to produce practical guidance on what good looks like in terms of these Business Boards i.e. form and function, and to work with the Network to help develop a practical toolkit for such boards.**

**3. Funding:** The Local Government Association has pointed to the breadth of LEP functions (*Supporting the Integration of Local Enterprise Partnerships, May 2023*) including; unique business data and intelligence, apolitical strategic economic planning, supporting rural and coastal economies, skills provision, delivering Skills Bootcamps, Careers Hubs, local business support, stimulating innovation, freeport development etc. This breadth of activity reflects our close working with a wide range of Government Departments, including DfE, DWP, Business and Trade, Energy Security and Net Zero, Science, Innovation and Technology, and Transport. We want those relationships to continue to thrive. However, it is clear from the scale of this work, that the changes being proposed are likely to cost more than the current arrangements, and the LGA bear this out:

“The LEPs have also developed a range of capabilities that support their areas which, even setting aside funding challenges, will be difficult to replicate in local authorities...CAs themselves have their own funding challenges, so making up shortfalls from previous funding at short notice would be very challenging.”

**On this point, I think it would be helpful to be clear at the outset about the level of funding to support these functions going forward and, in any event, to confirm that transition funding will be made available to local partners to support the integration process and ensure that the talent that is the essence of LEPs is not lost.**

**4. Timing:** Resolving the above elements suggests the need for a flexible timeframe to support an orderly transition. It is clear from those who are currently integrating, that sufficient time is needed to get the arrangements right and to enable local partners to reach agreement, from the decisions affecting LEP officers, to the handling of assets and liabilities including those of LEP Directors. **All parties involved would welcome a flexible timeline to ensure devolved areas can move at pace, while enabling other areas to develop the best solutions in a sensible timeframe.** It is in all our interests to do this properly and in accordance with company law, acknowledging that LEPs range from companies limited by guarantee through to CICs. Financial probity must be paramount in moving to the next phase and there are considerable sums of public monies involved.

I'd like to underline again our support for your ambition to deliver a more consistent approach, and to make sure no areas are disadvantaged by any decision, factoring in the points I have made. Since LEPs' inception the voice of business has been one of the most important attributes and from all our discussions it is clear that this is valued. As things stand today we are still able to attract and retain extremely capable and committed business leaders to offer their time freely to support their local economies. This is an asset the country cannot afford to lose and must be a vital consideration as part of whatever next steps are determined.

We look forward to working with you, and if there are any areas of discussion you would like to pick up on, please feel free to ask your office to contact my CEO, Mark Livesey at [mark@lepnetwork.net](mailto:mark@lepnetwork.net). I am copying this letter to Rt Hon Michael Gove MP and Rt Hon Kemi Badenoch MP.

Yours sincerely



**Mark Bretton MBE TD**  
Chair, LEP Network