

Mayoral Combined Authority Board

06 June 2022

LEP Review

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	Yes
Has it been included on the Forward Plan?	Yes

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Executive Summary

This report sets out for Members the requirements for the MCA to set out an Integration Plan and submit this to government by end of July or at the latest the end of January 2023. The paper highlights a few potential options for consideration and a timeline for decision making and engagement with the LEP and businesses.

What does this mean for businesses, people and places in South Yorkshire?

The LEP is a longstanding entity that has been part of the decision-making architecture in South Yorkshire since 2010 with previous responsibility for developing the Strategic Economic Plan, delivering the Local Growth Fund and championing the interests of businesses in South Yorkshire.

The established MCA governance model includes strong representation from the private sector in both the positioning of the LEP and the Thematic Board arrangements. This ensures the private sector voice is represented in policy and decisions relating to all of the priority areas of the economic plan.

Recommendations

The Board is asked to:

1. consider and agree the process to be undertaken to complete the integration plan, including considering an option for business engagement to be put forward to Members by the LEP Private Sector,
2. consider and agree the timeline and engagement plan for development
3. consider and agree any further work members would like to commission officers to undertake prior to receipt of a draft plan.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Local Enterprise Partnership

12th May 2022

1. Background

- 1.1 At the March 2021 Budget, the Government launched a review on the **form, function and geographies** of Local Enterprise Partnerships (LEPs) in England. The Government committed to consult and work in collaboration with LEPs and local businesses on the evolution of LEPs. The principle aim of the review was to ensure that local businesses would continue to be represented in decision-making processes that impact on businesses and economic growth, albeit under a new operating model from 2022/23. The Government's intention of better aligning LEP governance arrangements and geographical boundaries with new and existing Combined and Mayoral Combined Authorities (MCAs) was a key consideration for the review.
- 1.2 The Levelling Up White Paper and subsequent guidance produced by Government sets out a process to 'fold' LEPs in MCA areas into the MCA governance arrangements, to create an integrated approach. In addition, it is seeking to create a single, coterminous LEP in MCAs, where currently there are multiple LEPs. It should also be noted that where (M)CAs do not currently exist LEPs will continue to operate.
- 1.3 Government have indicated that the model already in place in South Yorkshire of MCA / LEP governance integration through the structure of Thematic Boards is at the heart of their intentions, as it sees the private sector voice engaged in the detail of accountable and transparent MCA decision making. This is a positive indicator of confidence in local arrangements and recognises the strength in the local arrangements for delivering economic growth outcomes and future devolution propositions.
- 1.4 The requirement of all MCA, outlined in the guidance, is to agree and submit and Integration Plan before 29 July 2022 or by 27 January 2023, where more time is needed.
The expectations of government in the development of the Plan are that:
 - The plan must take account of the content outlined in the guidance. MCA will lead the development of the plan, outlining all considerations that apply.
 - The LEP and other key stakeholders should be engaged in the development of the plan and the LEP must sign this off prior to submission to government.

- Arrangements must embed a strong, independent and diverse local business voice into local democratic institutions... The Board must have a meaningful role in decision making and should be consulted on all relevant economic decisions.

There are a number of other requirements regarding staffing resources, which are not applicable as the MCA is the employing body for a single Executive team.

- 1.5 Section 2 of this paper sets out the requirement for the Integration Plan. Section 5 of the paper provides a high-level timeline to meet the first deadline for submission of the Plan by 29th July 2022.

2. Key Issues

- 2.1 The requirement for the Integration Plan is to ensure that the MCA is appropriately supported by a Private Sector Board such that economic planning is carried out in partnership with Local Leaders to clearly articulate their areas economic priorities and sectoral strengths. MCAs, where LEP functions are Integrated, should continue to use their convening power to bring together business, education, and other local economic stakeholders.

The plan therefore needs to articulate:

- Purpose
- Governance
- Engagement and Communication Plan
- Financial or Resource Plan

Work undertaken by the LEP and MCA in setting up the current governance arrangements, including the Terms of Reference set out in the Constitution, will be drawn upon to develop the initial sections of the Plan. This will be supplemented with engagement to develop the section on the forward engagement and communications plan.

2.2 Purpose

The remit for LEPs, as determined via a number of previous LEP Reviews, was as custodian of the economic plan for a defined geography and to steer the strategic direction of a large capital investment programme. This review has changed this leadership role and purpose as the responsibility for development of the regional economic strategy is in the purview of the MCA in consultation with an appointed Business Board and capital programmes will all be led by the MCA. However, the new Government requirements specify that the MCA must engage the business voice in its decision-making processes.

There are a few potential options for recasting the purpose and focus for a new business board. The Private Sector LEP Members are exploring the role the private sector could play in the development of a mutually beneficial partnership with the Mayor and MCA with a view to bringing back options to the Mayor and MCA to consider.

2.3 Governance

Work undertaken by the LEP and MCA in setting up the current governance arrangements will be drawn upon to develop the initial sections of the Plan. The

model in South Yorkshire, replicated largely in West Yorkshire, for Thematic Boards is the Governments preferred model, for ensuring private sector engagement within the MCA decision making processes. Therefore, the Thematic Board approach meets the requirements set by DLUHC.

2.4 Engagement and Communications

Engagement to date has been informally with the LEP Board Private Sector Members, to be supplemented by a facilitated workshop. The outcome of this will be a proposal from the Private Sector LEP Members to the MCA Board on the role and purpose they could fulfil in this new arrangement.

In addition, the Business Advisory Group, including the FSB, Make UK, CBI, Chambers of Commerce, the International Trade Forum and Trades Unions will be able to consider the proposals following the workshop.

2.5 Finance and Resource Plan

Due to the existing arrangements with the MCA as Accountable Body for the LEP there are no immediate financial or resourcing issues to resolve as there are in areas where the LEP operates as a separate private company or where TUPE arrangements to the (M)CA are required. The current model where the MCA receives a core grant on behalf of management of LEP affairs programmes, through a Core and Growth Hub grant is at risk as it is uncertain that this will continue after this year.

3. Options Considered and Recommended Proposal

3.1 At this stage there are no alternative options to consider. The requirement for an Integration Plan to be developed is mandatory. Failure to develop and submit a plan is flagged as a risk to receipt of any future Core and discretionary budgets for LEP led activity.

There is the option that the submission is delayed until the long stop date of January 2023, this would permit greater time to discuss options, but could jeopardise future resource payments. We are seeking clarity on the implications of a later submission.

4. Consultation on Proposal

4.1 This is detailed in section 2.4 above, there is a requirement to engage with the private sector.

5. Timetable and Accountability for Implementing this Decision

To meet the deadline of 29th July, there is a need to meet the following milestones:

Milestone	Who	Date
<i>Engagement discussion LEP Private Sector</i>	<i>Private Sector</i>	<i>26/04/2022</i>
<i>Agreement to the Draft Plan development process</i>	<i>LEP Board</i>	<i>12/05/2022</i>
First Draft Plan to date circulated	LEP / MCA	20/05/2022
Draft Plan discussed MCA	MCA	06/06/2022
Final Draft Plan circulated	LEP / MCA	29/06/2022
LEP Board Decision	LEP	07/07/2022
MCA Board Decisions	MCA	25/07/2022
Submission to Government		29/07/2022

6. Financial and Procurement Implications and Advice

- 6.1 The guidance has made a number of stipulations regarding the submission and making future funds contingent on compliance.

Requirement of an open process to recruit independent members is a pre-requisite for the release of further core or transitional funding. This is in line with current arrangements and a process is already in place to comply with this.

The functions and roles agreed and contained within the integration plan will form the basis of the core funding grant offer. This will be part of the submission and is in line with an annual submission currently made for Core Grant.

Performance against these functions will inform future core funding decisions. We already report against and Annual Performance Requirement for strategy, governance and delivery and have reporting mechanisms in place.

7. Legal Implications and Advice

- 7.1 Following the development and approval of the plan there will be a requirement for some changes to Board Terms of Reference and / or the Constitution. This will be considered as part of the developing work plan.

8. Human Resources Implications and Advice

- 8.1 None – the Executive is an integrated team, employed by the MCA and supporting the work of the Mayor, MCA and LEP. There are therefore no TUPE implications as there are in other places.

9. Equality and Diversity Implications and Advice

- 9.1 Gender and diversity will continue to play a part in the recruitment of the private sector to ensure a representative board is in place. Business representatives must continue to be recruited through an open and transparent process.

10. Climate Change Implications and Advice

- 10.1 Not Applicable

11. Information and Communication Technology Implications and Advice

- 11.1 Not Applicable

12. Communications and Marketing Implications and Advice

- 12.1 The guidance does not stipulate the requirement to retain the LEP brand for the Business Board. Any change in the role or composition of the LEP will need to be communicated through a communications and marketing campaign so that partners, stakeholders, businesses and the general public are aware of the changes.

List of Appendices Included

None

Background Papers

None