

13 May 2021

Government National Review of LEPs

Purpose of Report

This report sets out the key elements of the Government's review of Local Enterprise Partnerships, highlights the key elements as they are likely to impact on the work of the LEP and updates the Board on how the LEP is actively engaged in informing the review.

Thematic Priority

The contents of this report are cross-cutting across all the LEP's thematic priority areas.

Freedom of Information

This paper will be available under the MCA Publication Scheme.

Recommendations

The Board are asked to:

1. Consider the approach set out to engaging with the Review.
2. Undertake to consult the business community to inform its response to the Review.

1. Introduction

- 1.1 The government set out a commitment at the March 2021 Budget to work with local businesses and Local Enterprise Partnerships (LEPs) on the evolution of LEPs. The intent of the review is to ensure local businesses have clear representation and support in their area, in order to drive the recovery.

The Government have committed to working with Local Enterprise Partnerships over the coming months, with a view to announcing more detailed plans ahead of summer recess. This includes consideration of Local Enterprise Partnerships' **form, function and geographies** to best support productivity and growth locally.

1.2 **Key issues driving the Review:**

- **Governance and geography:** The Government was always likely to seek changes to the national LEP model. There are differences in the way LEPs operate across the country. This poses particular challenges in areas without well-established Combined / Mayoral Combined Authorities and inconsistent and / or poorly aligned economic geographies. The review will consider how LEPs could work alongside MCA's – recognising that some LEPs are already intertwined in MCA's.

- **Renewed focus on levelling up:** the review wants to explore how regional institutions can address the long-tail of low productivity, help SMEs to grow and to export and to attract high value inward investment to our regions.
- **Ability to operate:** the review will explore what functions LEPs need to better align business support services with skills, innovation, net zero, trade and export support.
- **Ability for LEPs to influence (rather than directly invest):** the Government has already signalled its intention through its approach to the Levelling Up Fund, Community Renewal Fund and most likely the new Shared Prosperity Fund that LEPs will not be responsible, as they were with Local Growth Fund, for investing directly in local economies. The Government wants to build on the strategic influencing role LEPs should have.
- **Government Department sponsorship:** LEPs have had a twin-sponsorship role in Whitehall with responsibility sitting across MHCLG and the Department for Business, Energy and Industrial Strategy. Whilst this works in theory it does not always deliver in practice. It is likely that there will be a clearer sponsorship of LEPs in the future from BEIS – signalling a greater focus on business growth and productivity engagement.

1.3 Timeline

The review is currently live with stakeholder engagement led by the review team taking place through May and June. The LEP Network (the body comprised of all LEPs) has established a formal working group with the review team and input is being sought from a range of groups including the Metro Mayor's M9 group.

The Government intends to come to a detailed resolution by the Summer, to inform advice to Ministers and inform discussions regarding the Comprehensive Spending Review. Any changes would be expected to deliver a new operating model to be in place, at least in part, by financial year 2022/23.

1.4 The Review in the context of the Sheffield City Region LEP

The Review of LEPs is important and will have an impact on how the LEP operates. However, it is expected that the changes brought forward following the review will be fairly limited in terms of the Sheffield City Region operating model. The review is not principally aimed at LEPs who have resolved the MCA/LEP model.

In addition, it is already clear that LEPs will not be directly responsible for capital funds such as the Levelling Up Fund.

We have already resolved issues around geography and developed and implemented a governance model that connects the private sector and key partners alongside the Mayoral Combined Authority – through which the LEP can inform and influence the investment priorities and approach taken.

In particular, the LEP, through its relationship with the MCA, already works to inform and support:

- Major transport infrastructure investment and public transport investment
- Skills and education (particularly in support of delivery of the £36m p/a Adult Education Budget
- Business growth and innovation work – including the pipeline of investment schemes and business support programmes
- Housing and other enabling infrastructure activity.

The potential shift in sponsorship to a more BEIS led agenda may help us make more progress on ensuring the Government's approach to Place-Based R&D, sectoral support and supporting investment in delivering Net Zero align with our own ambitions on these agendas.

The direction of travel that the LEP review indicates is one in which the Sheffield City Region has already adopted and operationalised.

2. Proposal and justification

2.1 It is proposed that the Sheffield City Region LEP work with the grain of the Government approach by:

- Promoting and advocating the public-private sector model adopted in South Yorkshire that takes the strengths of the LEP model and connects them to the MCA approach.
- Supports the reviews objectives to ensure that the influence of the private sector continues to be sought and involved in new governance models and is brought to bear on delivering economic growth.
- Supporting a shift towards alignment of business support services, a greater emphasis on productivity growth and SMEs and supporting new high value inward investment.

2.2 It is proposed that we do this by engaging through a number of mechanisms, including:

- **LEP Network.** The network has established a joint project between Government officials and LEPs to consider the key issues of form and function of LEPs. The SCR has full sight of this work and will input as required.
- **M9 group of Mayors.** Engagement with the M9 group of Metro Mayor's to ensure that the LEPs own particular context of operating within an MCA model is reflected. The M9
- **NP11** – the NP11 brings together the eleven LEPs from across the North of England. The review is interested in understanding whether bigger regional groupings of LEPs on certain issues can add value – most likely building upon the NP11 approach which seeks to identify issues of commonality at the Northern level where joint work can be of benefit (e.g. Northern Powerhouse Trade and Investment work and some joint innovation focus).
- **Working with wider business groups** – we will engage informally with a network of business representative organisations in South Yorkshire to help shape their own responses to the Government in terms of the LEPs and how they should operate locally.
- **Informal engagement** with senior officials in the Cities and Local Growth Unit.

The Cities and Local Growth Unit in Government will also be hosting sessions to gather views from regional stakeholders. Invitees will include those in Business Related Organisations, Higher Education and Further Education.

3. Consideration of alternative approaches

3.1 **Do more** – the LEP could make a formal submission to the Review. This approach is not recommended on the basis that the Government have established a number of dialogue-based engagement mechanisms through the LEP Network and other established mechanisms. We are well engaged within these – and given the direction of travel proposed by the Review it is in line with our established model.

3.2 **Do less** – disengage from the process. This approach is not recommended on the basis that the LEP has an opportunity to promote and showcase the model we have adopted locally as an example of best practice and good governance.

4. Implications

4.1 Financial

There are no direct financial implications arising from the recommendations under consideration. However, the longer-term implications of the LEP Review on funding for LEPs to fulfil their functions will need to be considered as the details of the review are published.

4.2 Legal

There are no direct legal implications arising from the recommendations under consideration. The outcomes of the LEP Review may lead to some changes for LEPs with different operating environments to those in place in the SCR.

4.3 Risk Management

As the implications of the Review become formalised and made public the LEP will need to ensure that risks relating to the management of legacy programmes from both a funding and management perspective are considered as part of the implementation. This is already an issue that has been raised at the national level by the LEP Network.

4.4 Equality, Diversity and Social Inclusion

There are no direct implications relating to this report.

5. Communications

- 5.1 Engagement work will be limited to working directly with those partners identified in section 2.2 with no pro-active public facing communications work on this issue being taken forward.

6. Appendices/Annexes

- 6.1 None

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: