



Report to Cabinet

Date:	24 October 2023
Title:	Future Buckinghamshire Economic Development Organisation
Cabinet Member(s):	Leader of the Council
Contact officer:	Richard Ambrose
Ward(s) affected:	All wards
Recommendations:	To agree the proposed arrangements set out at section 4 for the future delivery of the LEP functions.

This report has been taken under the general exception rule as it has not had the required notice on the forward plan and a decision is required following the government announcement on the future of LEPs.

1. Executive summary

1.1 This report sets out the proposed arrangements for the transfer of the Bucks Local Enterprise Partnership (LEP) functions to Buckinghamshire Council and asks Cabinet to agree the approach within Buckinghamshire, in light of the Government's decision to transfer the economic growth and business representation functions of LEPs to local authorities.

2. Background

2.1 Following a period of consultation earlier this year, the Government confirmed in August its decision to end Local Enterprise Partnership (LEP) core funding from 2024/25 and transfer current LEP functions to local government in the interests of supporting local leadership, establishing more joined up delivery, greater efficiency and increased clarity for the business community.

2.2 Councils will receive transition funding in 2024/25 (also funding for the growth hub) to support them to take on these functions, with all future funding to be set out at the next Spending Review. The Government expects seamless Growth Hub provision

across the area, which will continue to support businesses and to provide a convening point for broader business support provision. The current level and duration of funding to be received by Councils is not known at present and it is unclear when the level of funding will be confirmed.

- 2.3 The Government expects that all decisions on the transfer and future management of assets will be taken by the LEP and its Accountable Body by March 2024. Further guidance is expected by January 2024. However, in general local agreement is expected, with government departments becoming directly involved only with those areas that cannot reach agreement. Following a series of discussions locally, this report sets out the key principles and proposals that have been developed to achieve the transfer in Buckinghamshire.

3. Buckinghamshire Context

- 3.1 In February 2023, Cabinet / the LEP agreed the Buckinghamshire Place Based Growth model which set out new streamlined governance arrangements for economic delivery in the county. The emphasis of the new approach is to strengthen the alignment of activities to a place based common vision and plan, and pooling resources to meet jointly agreed priorities. The February 2023 report noted that for legal and funding reasons, the legal entity of the LEP would remain for the time being and that TUPE would not be pursued at that stage but might be considered in the future.
- 3.2 Given the recent announcement by Government about LEPs, we now need to revisit the delivery of the LEP functions, and the arrangements for securing a strong business voice in the Place Based governance.
- 3.3 Discussions have been taking place about the economic development landscape in Buckinghamshire for some months, with a view to maximising efficiency and effectiveness across our collective resources and capabilities. A key principle is a shared commitment to keep a strong and independent business voice around the economic development table. This needs to be in a way that adds value and does not lead to duplication and overlap. We also need to recognise the varied roles of a number of anchor institutions in the economic prosperity of the County. The proposals set out in this report have been developed on that basis.

4. Proposals for Future Economic Development Landscape in Buckinghamshire

Economic Development Functions

- 4.1 In headline terms, it is proposed that the LEP be wound up and cease to exist as a separate legal entity by 1 April 2024 and that a number of the functions of the LEP

(including the delivery and governance of the Enterprise Zone programme) should transfer to Buckinghamshire Council. The precise scope of the functions to transfer will be subject to announcements about future Government funding, and agreements on the use of existing funding held by the LEP. The implications for staff transfer will therefore need to be explored in detail as part of the due diligence but it is anticipated that a number of staff will TUPE transfer to the Council to form part of an expanded economic development function, to manage the Enterprise Zones and to support the Investment Board.

- 4.2 It is envisaged that Buckinghamshire Business First (BBF) continues as the Bucks Growth Hub and the Skills Hub working with the Skills Board. Future funding for BBF would need to be clearly agreed by the Growth Board and its deliverables should be defined as part of a new service level agreement negotiated with the Growth Board.

Economic Development Governance

Place Based Growth Board

- 4.3 Key to the governance of economic development in the county is the Place Based Growth Board and its supporting boards (see 4.5 below) which were set up in February 2023 with strong business and partnership input. In the context of the transfer of the LEP functions. It is proposed to strengthen the role of the Growth Board as follows:
- The Growth Board will approve and own the overall economic development strategy, identify the key priority sectors and locations for investment and productivity growth, act to encourage inward investment into Buckinghamshire and be the key interface to Government on any bids for structural funding, for example Levelling Up, Shared Prosperity Fund etc.
 - The economic development strategy will be owned by the Growth Board and have inputs from a variety of bodies including the Council, the Investment Board, Bucks Business First, the Bucks Business Group, Business Improvement Districts and Chambers of Commerce. It will be for the Growth Board to agree how these inputs are brought together and priorities established.
 - A clear Forward Plan will be developed for the Growth Board with a list of the issues the Board need to address, ownership and timescales.
- 4.4 The Growth Board will continue to be chaired by the Leader of the Council. The Vice Chairman will be from a business background and will be appointed by the Leader of the Council. The size and composition of the Growth Board will be reviewed to take account of these changes and it is recommended that the Leader of the Council agrees the final composition of the revised board.

Supporting Partnerships

- 4.5 The four Boards established to support the Growth Board comprise the Investment Board, the Skills Board, the Regeneration Board and the Opportunity Bucks Board. These Boards are not independent legal entities but have clear work plans and operate within the terms of reference agreed with the Growth Board.
- 4.6 These supporting partnership boards of the Growth Board will continue to progress work in line with their Terms of Reference. However, there will be some direct implications for the terms of reference and membership of the **Investment Board** as follows:
- Individual directors of the LEP will be invited to transition to become the Investment Board.
 - The terms of reference for the Investment Board will be strengthened in order to explicitly address the potential for conflicts of interest.
 - Within the overall strategy set by the Growth Board, the Investment Board will recommend applications for funding from third parties and also proactive strategic investment by the Council, for example in the town centres, Westcott, Woodlands etc. All applications would continue to be subject to Business Cases, full due diligence, and formal decision making by the Council.
 - The Chair of the Investment Board will be from a business background and will be identified by the Leader of the Council in his capacity as the Chair of the Growth Board.

5 Legal and financial implications

- 5.1 It is important that we are clear about the financial sustainability of our future economic development structures. A particular issue will be the ongoing revenue funding available to fund the operational costs of the economic development functions in order to minimise the use of one-off funding and reserves.
- 5.2 The Government has indicated that they will provide some revenue funding to local and combined authorities in 2024/25 to support them to deliver the functions currently delivered by LEPs. Details of this support will be confirmed in due course. Funding beyond 2024/25 will be subject to future Spending Review decisions. The detailed decisions about the transfer of functions from the LEP to the Council will need to take account of this funding announcement once it is made.
- 5.3 All funding held by the LEP (including the Enterprise Zone receipts) will be passported to the Council. This will include the pooled Connected Counties gainshare and the existing LEP Reserves, both of which are one-off sums (circa £4m) and the Enterprise Zone Business Rates surplus income (forecast to be £8.3m in March 2024, increasing to £34m by March 2029). This funding will be ringfenced to support economic development, including investment.
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- 5.4 The Memorandum of Understanding in relation to the Enterprise Zone between the LEP and the Council will no longer apply.
- 5.5 At an early stage the Growth Board will recommend how much of this funding will need to be allocated for any one-off costs associated with the transition, as well as staff related costs for the current LEP functions that will be undertaken within the Council. The Growth Board will also consider and agree how much of it to allocate to Bucks Business First as part of a new service level agreement for the Growth Hub, Skills Hub and business support services.
- 5.6 The balance of the passported funding would be available as an economic development and Investment Fund to drive investment in the county. Whilst not legally enforceable, the Council is committed to ringfencing this funding into an earmarked reserve held solely for economic development. Its deployment will be for the Growth Board to determine, with advice from the Investment Board and reference to the Council's Section 151 officer. Any additional funding obtained for economic development, for example through bidding processes or grant allocations, would be added to this reserve. The Enterprise Zone income will increase considerably over future years and will provide an on-going contribution to the Fund for future strategic investment.

6 Communication, engagement & further consultation

- 6.1 This report will be considered in parallel by the Council and the LEP Board. Engagement with the LEP Board and staff, together with other stakeholders in the economic development landscape has taken place. Legal consultation will take place with the current LEP staff in accordance with TUPE regulations.

7 Next steps and review

- 7.1 A detailed timeline and project plan will be produced for agreement between the Council and the LEP by the end of October, with a view to winding up the LEP and transferring staff and resources as soon as it practicable, and by 1 April 2024 at the latest. There will also be a number of legal, tax and governance issues to work through as part of the detailed planning, including the mechanisms for achieving the new arrangements.
- 7.2 An updated report will be provided to Cabinet once there is greater clarity about the Government funding for LEP functions in local authorities, and the detailed implications for the transfer of functions to the Council and for LEP employees.
- 7.3 The arrangements set out in this report will be subject to review after 9 months from the implementation date with recommendations for any revisions made to the Growth Board within 12 months of the new arrangement going live.

8 Background papers

[Report for Place Based Growth Model.pdf \(moderngov.co.uk\)](#)

9 Your questions and views (for key decisions)

If you have any questions about the matters contained in this report, please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by email to democracy@buckinghamshire.gov.uk

