

## **LOCAL ENTERPRISE PARTNERSHIP (LEP) REVIEW**

### **1 Purpose**

- 1.1 The government publication [Strengthened Local Partnerships](#) published on 24 July 2018 sets out a range of leadership, governance, accountability and geography reforms for LEPs. The review asks that LEP chairs and other local stakeholders come forward with considered proposals by the end of September 2018 on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers. AVDC falls within both South East Midlands LEP (SEMLEP) and Bucks Thames Valley LEP (BTVLEP) and the purpose of the report to Scrutiny is to set out the possible options regarding future geography of the LEP arrangements in relation to the overlapping situation that currently exists for AVDC.

### **2 Recommendations**

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| 2.1 To note the report and discuss the options for LEP arrangements in order to put forward a view for Cabinet to consider at its meeting scheduled for the 12 September 2018. |
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### **3 Supporting information**

- 3.1 Local Enterprise Partnerships (LEPs) were set up as locally-derived business-led partnerships between the private and public sector to drive forward economic growth across the country. Announced in 2010 and established in 2011 by the Department for Business, Innovation and Skills, LEPs replaced the former Regional Development Agencies as part of Government's ambition to shift power away from central government.
- 3.2 LEPs have responsibility for around £12billion of public funding up to 2021 and are the mechanism for channelling the Local Growth Fund to localities delivering their investment priorities. One of the great strengths of LEPs is their ability to bring together business and civic leaders across local administrative boundaries and provide strategic direction for a functional economic area.
- 3.3 There are now 38 LEPs in existence (following the merger in 2017 of Northamptonshire LEP with South East Midlands LEP).
- 3.4 In July 2018 the Government published its long anticipated review of LEPs 'Strengthened Local Enterprise Partnerships' which sets out a range of leadership, governance, accountability and geography reforms to ensure LEPs are well positioned to supercharge economic growth and drive forward investment in local businesses across the country. The review is also set in the context of ensuring that LEPs are securely placed to develop the Local Industrial Strategies and to boost their performance, increase their diversity and ensure they're operating in an open and transparent way.
- 3.5 Amongst the various commitments is a call to LEP Chairs and other stakeholders across England to come forward with considered proposals by the end of September 2018 on revised geographies which best reflect "real" functional economic areas; the most appropriate geographical levels to maximise the efficiency and effectiveness of decision-making and delivery

going forward, removing overlaps and where appropriate, proposing wider changes such as mergers. Attached as appendix 1 is a copy of the review and the further detailed guidance issued in August 2018 about the process for implementing the review.

- 3.6 Overlapping geographies emerged when LEPs were first formed on a voluntary basis and there are currently 33 local authorities in more than one LEP area. Aylesbury Vale is one such authority; being a member of both SEMLEP and BTVLEP.
- 3.7 AVDC was one of the founding members of SEMLEP, which it joined when it first established in March 2011 and was approved by Government as covering a geography that represents a functional economic area for this part of England and as a natural evolution and extension of a designated growth area Milton Keynes South Midlands (MKSM) set up in 2003. After the first wave of LEPs had been approved, there were certain parts of the country that were not represented/covered by a LEP, including the “white space” of southern Buckinghamshire.
- 3.8 The BTVLEP was the last LEP to be established at the end of 2012, and Aylesbury Vale was asked by Central Government to volunteer to be a member of the BTVLEP, as the wider Thames Valley LEP did not want to cover the southern Buckinghamshire area. This overlapping situation was therefore created from a Government initiated proposal to ensure that there was no white space and that the rest of Bucks could be covered by a LEP that was viable at that time. The only way this could be achieved was for Aylesbury Vale to be a part of BTVLEP too.
- 3.9 AVDC agreed to be in this overlapping arrangement only on the understanding that there was a memorandum of understanding in place between all of the parties to set out how the LEPs would operate and to protect the interests of Aylesbury Vale in this overlapping arrangement. A copy of this is attached as Appendix 2.
- 3.10 Government now considers that retaining overlaps dilutes accountability and responsibility for setting strategies for places and allocating funding. It is therefore seeking transparent and consistent arrangements to ensure that all businesses and communities are represented by one Local Enterprise Partnership and are able to see a single vision and a compelling plan for their area. This will ensure that each LEP is in the best position to identify and align local interventions that maximise their economic impact and to meet the Government’s increased ambition for the activity and responsibility of the LEPs which may include the allocation of money from the UK Shared Prosperity Fund (post-Brexit pot comprising of previous EU structural funds).
- 3.11 A simple unwinding of the 2011/12 arrangement would place the AVDC singly in SEMLEP according to objective economic geography criteria.

#### **4 Options considered**

- 4.1 The request from Government is to remove any situation in which a lower tier or unitary authority is covered by two LEPs whose geographies do not overlap.
- 4.2 There are therefore a number of possible arrangements for Aylesbury Vale and future LEP arrangements which could be put forward:
  1. Just be a member of BTVLEP
  2. Just be a member of SEMLEP

3. Merger of BTVLEP and SEMLEP
  4. Merger of BTVLEP and Oxfordshire Local Enterprise Partnership(OXLEP)
  5. Creation of a “Super LEP” – a merger of BTVLEP, SEMLEP and OXLEP
- 4.3 The table attached as appendix 2 sets out the broad pros and cons to each of these possible arrangements.
  - 4.4 Also attached as appendix 3 as a background document is a report that was prepared in 2013 by independent consultants SQW regarding the issue of overlap in respect of Aylesbury Vale which considered the first two options only and set out the arguments for these options concluding that; *‘the strongest strategic alignment and rationale regarding functional economic geographies is for AVDC to be part of SEMLEP’*.
  - 4.5 It is important that proposed arrangements are informed by robust and up-to-date evidence, as well as a wider understanding and appreciation of how local areas can best respond to the national imperative to boost productivity as well as the context of national policy and the growth agenda including growth corridors, sectors and expertise. There are also practical considerations to have regard to including that LEPs must also operate over a significant enough size and scale to provide the strategic direction and efficient delivery of future programmes.
  - 4.6 The review comments that there is no universally accepted approach to measuring or defining ‘functional economic areas’ and boundaries vary depending on the model used (housing market areas or labour market etc). There are also a number of indicators which help inform functional economic areas and which include using data on commuting, Travel to Work Area (TTWA) and house price data.
  - 4.7 Most of Aylesbury Vale is part of the Milton Keynes TTWA and links very closely to that part of the region with 11% of commuters into Milton Keynes coming from Aylesbury Vale (over 40% of the commuters to MK come from neighbouring Central Beds, Aylesbury Vale and South Northamptonshire) and 10% of MK’s out-commuters commute to Aylesbury Vale. The area to the south of Buckinghamshire, looks to the Thames Valley travel and the west of London and is part of the High Wycombe TTWA. There is almost no net ‘county dividend’ from commuting between the north and south of the county, with 51% of people living and working in Aylesbury Vale compared to 19% of people living and working in South Bucks.
  - 4.8 In terms of average house prices, Buckinghamshire is also demonstrating a county of two halves; a house in Aylesbury Vale in 2017 averagely costs £328,749 and in South Bucks; £592,870 and in 2015, the mean house price in MK was £184,900. The rateable value in Aylesbury Vale is £85.71 per sq.m and in South Bucks, it is £127.94 per sq.m (2017) and for Milton Keynes it is £88 per sq.m (2012).
  - 4.9 There are also other data sets that can be used regarding future LEP configurations:
    - The relative size and scale of the area to be covered
    - Productivity – the business GVA in that area
    - The number of local authorities in the partnership
    - Interaction with larger cross corridor regional boundaries Northern Powerhouse; Midlands Engine and OX-MK-Cams Corridor

- 4.10 Due in part to the physical constraints, there are differing patterns in the County for growth; in 2017, 63.8% of Buckinghamshire new build housing growth was located in Aylesbury Vale, rising to 70% of house building starts. This is set to continue with VALP including 8,000 additional homes for the period up to 2033 to help with the unmet need of the Southern Bucks districts. Aylesbury Vale is projected to account for 68.1% of Bucks population growth to 2026 and 67% for 2026-2036.
- 4.11 The National Infrastructure Commission (NIC) in its report 2017 'Partnering for Prosperity' recognises the economic potential of the Cambridge – Milton Keynes – Oxford corridor which must be a national priority. Government investment in significant infrastructure projects of East West Rail and the Oxford – Cambridge Expressway provide a once-in-a-generation opportunity for transformational growth. Aylesbury Vale is at the heart of these infrastructure investments enhancing east-west connections between Oxford and Milton Keynes and beyond as well as improving connections to London. The NIC consider current rates of housebuilding in the corridor will need to double delivering up to one million new homes by 2050 and that by removing constraints to growth arising from the area's housing shortage, the arc area could sustain a transformational level of growth, supporting around 1.1m new jobs and increasing output by £163bn per annum.
- 4.12 To deliver the step-change in growth anticipated in the NIC report, a fundamental shift in the scale at which local authorities collaborate on planning and infrastructure is needed and has resulted in the establishment of a Central Area Growth Board with 17 of the 18 authorities (BCC has not joined) in the SEMLEP and BTVLEP footprints that are locally defined as being within the Cambridge Milton Keynes and Oxford corridor. A series of Growth Deals are being discussed with MHCLG between partners within the CAGB and Aylesbury Vale has a key role to play in progressing the recommendations of the NIC.
- 4.13 Funded by MHCLG through a Planning Delivery Grant, Aylesbury Vale is working with Milton Keynes and South Northants Councils on the strategic growth options linked with the long term growth options linked to Milton Keynes and considering the growth implications and potential of this part of the housing market area. Similarly, South Bucks and Chiltern District Council have a partnership project with Windsor, Maidenhead and Slough to consider the housing and planning issues associated with that housing market area.
- 4.14 The individual LEP areas are also working on Local Industrial Strategies which are to come together to form an overarching corridor wide strategy, seen as one of three Government trailblazer areas. It is also within this overall context to which the LEP review arrangements must also be considered in order for the LEPs to operate efficiently and effectively and for the arrangements to represent the best geographical fit which enables agile and coherent decision making which is representative to the area the LEP represents now and in the future.
- 4.15 It is clear that the LEP review process offers an ideal opportunity for LEPs to seize the opportunities that will present themselves in the run up to the Spending Review, the UK Shared Prosperity Fund Consultation, and further rounds of Local Industrial Strategies. This authority needs to carefully consider what the best opportunities are for the Vale and the wider area in this context.
- 4.16 Members are asked to consider the attached appendices as well as the points above to help inform a view to present to Government on the preferred option

