

Findings and recommendations regarding LEP membership

A report to Aylesbury Vale District Council (AVDC)

12 December 2013

Introduction

This paper results from a facilitated discussion held on Monday 9th December 2013 between AVDC's Cabinet and the Chairs and Chief Executives of Buckinghamshire Thames Valley Local Enterprise Partnership (BTVLEP) and South East Midlands Local Enterprise Partnership (SEMLEP). The purpose of the discussion was to explore issues associated with AVDC being a member of both LEPs and therefore in an 'overlapping scenario'.

This paper reports on the key findings resulting from the discussion and recommends what actions should be taken. It is consistent with the detailed notes of the meeting which are attached to this note.

Key findings

The arguments for single LEP membership (whether that is with BTVLEP or SEMLEP), and for membership of one or other LEP, are summarised in Table 1, together with comments on the strength of the arguments.

Table 1: The case for AVDC to be in only one LEP

The arguments for single LEP membership	Comments
Business confusion and concern about duplication and waste of resources	This is based on a survey undertaken by Bucks Business First. Business views are very important in considering LEP membership, but it is unclear how representative the survey results are.
Indications from government related bodies that overlapping membership is illogical and unsustainable	There have been various recent criticisms of overlaps, although it was acknowledged that change is unlikely to be imposed from the centre, at least before the next election. AVDC is one of over 25 local authorities which have overlapping LEP memberships – so it is by no means unusual in that regard. Nevertheless, longer term it seems likely that there will be some rationalisation of overlaps.
Clarity in terms of governance, and in securing and allocating Growth Fund and other external financial support	Dual membership undoubtedly causes complications, but these can be addressed. There is an existing MOU between the two LEPs which can be updated to take into account these issues, particularly allocation of Growth Fund.
The arguments for AVDC to be a member of BTVLEP only	
Businesses associate with Buckinghamshire as a place	Business perceptions are important, and many local businesses will undoubtedly associate with the Buckinghamshire 'brand'. However, businesses are also interested in access to markets, and the SEMLEP area has more synergies in terms of growing markets than BTVLEP.

Concerns about the impact of overlapping membership on BTVLEP's strategic objective to achieve greater containment through achieving a better balance between jobs and housing growth in the county.	This is a problem for BTVLEP and the other Bucks local authorities because AVDC is accommodating a major proportion of the LEP area's housing growth, as well as jobs.
A view among other local authorities in Bucks that AVDC should commit fully to BTVLEP	This probably reflects the above concern –and that AVDC has had more funding that it should have had under the arrangement.
BTVLEP is focused on implementation, and has the relevant expertise as well as detailed knowledge of AV	This largely reflects the expertise of the chief executive of BTVLEP, who was previously CEO of Aylesbury's delivery vehicle, AVA. However, the argument is mainly in relation to expertise and knowledge: both LEPs will be strongly focused on implementation once their strategies are agreed.
AVDC would be a 'big fish in a small pond'. It is the largest district in Bucks, which is the smallest LEP in the country	This means AVDC may have more influence over decisions made by BTVLEP than those made by SEMLEP, although it only has one vote on each Board. However, it could also be argued that there is more to play for in SEMLEP, which is one of the larger LEPs with a big growth agenda.
AVDC will lose out to other areas in SEMLEP because they will have a stronger claim on funding, particularly for regeneration	The primary objective of LEPs is to support economic growth, and AV has strong potential in that regard, whichever LEP it is associated with. If projects in AVDC offer good value for money and high economic returns, logic suggests that they will be supported by Government and by SEMLEP

The arguments for AVDC to be a member of SEMLEP only

Functional economic geographies suggest AVDC is more closely related to the SEMLEP area than the rest of Bucks.	AVDC falls within Milton Keynes travel to work area (TTWA) and strategic housing market area (SHMA). However, AV is a large district and different parts of it have different external linkages – some businesses and people look southwards towards the rest of Bucks and London, others look north and east towards Milton Keynes and the south Midlands, still others look westwards towards Oxfordshire.
Strategic ambition - AVDC is a growth area for housing and business – this is similar to the rest of SEMLEP, not the rest of BTVLEP	Both areas have ambitions to grow their economies, but the scale of economic and housing growth proposed for SEMLEP is greater, and more akin to that planned by AVDC
AVDC chose to join SEMLEP when it was first established (March 2011). Later (Jan 2012) it joined BTVLEP following a request from DCLG.	This indicates AVDC's original preference to be part of SEMLEP, which followed from involvement in its predecessor partnership, MKSM.

Source: SQW

From AVDC's perspective, the key points appears to be:

- There is no short term imperative to change. Government won't intervene, at least for the time being. If, in due course, there is pressure from government to remove overlaps, then AVDC will have to decide which LEP to join on an exclusive basis. But it doesn't need to decide yet.
- If and when a choice needs to be made, SEMLEP appears to be better aligned strategically to the ambitions of AVDC and its businesses.
- If there is any review of LEPs, then SEMLEP appears more secure than BTVLEP. Revisions which involve integration of the smallest LEPs (BTVLEP is the second smallest) seem more likely than disintegration of the largest (with the exception of

SELEP, which includes the whole of Essex, Kent and East Sussex, and which was always an anomaly since it is as large as the East of England region which it partially replaced).

- Overlaps make governance more difficult, but adjoining LEPs should be collaborating anyway. Overlaps force a resolution to governance issues, but these are wider than just concerning overlapping authorities.
- In relation to funding threats and opportunities, AVDC could lose out, but it could also gain. In practice, it seems likely that government will judge all LEP proposals on their merits – what they will they deliver for what investment. Therefore if there are projects within AV that provide excellent returns on public sector investment, they are likely to be supported whether the District Council is part of BTVLEP, SEMLEP or both. It seems very unlikely that either LEP will choose not to fund projects in AV due to its dual membership, if it has secured funding from the government for those projects. Nor is there any convincing argument to conclude that either LEP will lose government funding by not having ‘exclusive rights’ over projects in AV, provided the funding and governance arrangements for implementation of these projects is clear.

Recommendations

- There is currently no persuasive reason to change AVDC’s current position of being a member of both BTVLEP and SEMLEP. In fact, over the next few months while the LEPs economic strategies and implementation plans are being finalising, any change to the current status could be highly disruptive and could lead to AVDC and both LEPs securing less Government funding than would be the case if the SEPs are clearly aligned and consistent in their prioritisation of projects in AVDC.
- The existing MOU between BTVLEP and SEMLEP should be reviewed and endorsed by the two LEP Boards. The revised version should be more specific about governance arrangements and the coordination of all investment priorities and decisions which affect both LEPs (including all those in AVDC).
- AVDC should keep under review Government guidance (formal and informal) on LEPs, particularly regarding overlapping memberships, and plan ahead in case advice changes or LEP boundaries are reviewed.
- In case AVDC is forced to choose between LEPs, the strongest strategic alignment and rationale regarding functional economic geographies is for AVDC to be part of SEMLEP. This seems likely to remain the case were any realignment of LEPs to take place, but of course until the details of any realignment are known it is not possible to be firm on this point.
- The government should ensure that the same civil servant has responsibility for LEPs with common overlapping districts. This would help to ensure consistency of treatment and coordination with government on funding decisions.