



Report to the Environment, Transport and Locality Services Select Committee

Title: Local Enterprise Partnerships

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1. Headlines

- 1.1. Local Enterprise Partnerships (LEPs) are the route through which Government provides support to local economic development.
- 1.2. The Chancellor of the Exchequer announced in the 2013 Spending Round for 2015/15 that £2bn of funds will be available for all 39 LEPs to bid for through the production of Strategic Economic Plans (due 31st March 2014). The Bucks Plan focusses on improved connectivity – in terms of infrastructure (road, rail and broadband), trained workforce and additional business support.
- 1.3. LEPs are responsible for designing the EU investment strategies for the delivery of EU funding in England for 2014-2020 (in Bucks this is €13.9m).
- 1.4. It is not just about money. LEPs will lead a conversation with Government about flexibilities and freedoms needed locally to generate sustainable economic growth.

2. The history and role of LEPs

- 2.1. Local Enterprise Partnerships (LEPs) were first proposed in 2009 by the Conservative Party and formally introduced following the 2010 General Election. They were intended to replace Regional Development Agencies yet their formation was optional without any prescribed role or structure other than a) at least half the members to come from the private sector b) the chair to be a business-person. They are



administered by the Department for Business, Innovation and Skills (BIS). A key feature of LEPs was that they were designed to be ‘business led’.

2.2. In the broadest sense the role of LEPs is to promote and deliver economic development by drawing together local authorities and businesses. The government has always encouraged diversity in the approach different LEPs take to reflect local circumstances and opportunities. LEP activities generally involve some or all of the following: setting investment priorities, writing bids or proposals, coordinating local employers and learning agencies, making representations to economic policy-makers, changing local business regulation, and delivering economic priorities like digital infrastructure.

2.3. The profile of LEPs was raised following the 2012 report “No Stone Unturned In Pursuit of Growth” by Lord Heseltine¹. In the report, Lord Heseltine championed the role LEPs could play in the economic recovery of Britain, with a multitude of recommendations for how they could be empowered to deliver this. Most significant for LEPs was the recommendation to create a “Single Local Growth Fund” (see section 3) and the provision of up to £250k each year for capacity funding. The government accepted 81 of the 89 recommendations Lord Heseltine made².

3. LEPs in Buckinghamshire

3.1. BIS initially refused to endorse a linked Buckinghamshire and Berkshire ‘Thames Valley’ LEP in 2010. This meant the 3 southern districts in Buckinghamshire were amongst just 7 authorities in the country to not be a member of any partnership. Therefore, in September 2011 the government invited Buckinghamshire to resubmit its proposals. The BCC cabinet approved the application on the 14th November 2011³ on the grounds that it would increase the range of economic development opportunities available to the County and would not be costly to implement due to the existing structures that were in place. The application was successful and by the end of 2011 BTVLEP had become the 39th (and final) LEP with Board membership from all five Buckinghamshire councils and a strong business representation. The Chairman of the Buckinghamshire Thames Valley LEP is an Aylesbury Businessman and also Chairman of Bucks Business First. (One of Buckinghamshire’s Districts, Aylesbury Vale, was already a member of the South East Midlands LEP when BTVLEP was approved – see 3.8.)

3.2. Buckinghamshire Business First is an independent body with a private sector board that has a grant funding agreement with BCC to deliver economic development support. This arrangement is currently worth £490k plus the secondment of 4 BCC staff members, taking the total value to £670k and is funded from the Leader’s Economic Development budget. Business representation on the BTVLEP Board is drawn from the

¹ <http://www.bis.gov.uk/assets/biscore/corporate/docs/n/12-1213-no-stone-untuned-in-pursuit-of-growth>

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221902/PU1465_Govt_response_to_Heseltine_review.pdf

³ <http://democracy.buckscc.gov.uk/mglIssueHistoryHome.aspx?IId=24220&Opt=0>



Board members of BBF. BBF is distinct from the LEP in the same way that the Local Authority members are, however BBF also provides the secretariat function of the LEP and the economic data that informs discussion and decisions.

- 3.3. Buckinghamshire Business First has calculated that over the period April 2012-October 2013, for every £1 that the County invested generated a value of £21.30, from 300 jobs created, 1,600 businesses assisted, £3.3m grants given out to businesses, 220 apprenticeship places, and 1m tonnes of CO2 saved⁴.
- 3.4. BTVLEP's geography is contiguous with the County Council's administrative area. Buckinghamshire Thames Valley LEP is also allied with the wider grouping of the 'Greater Thames Valley Seven' (GTV7) comprising the LEPs for Buckinghamshire, Hertfordshire, Oxfordshire, Enterprise M3, Coast to Capital, Thames Valley Berkshire, and Solent (Parts of Hampshire and the Isle of Wight). The GTV7 have agreed to come together for joint working and lobbying purposes, on areas like an improved broadband coverage and speed required in this part of the country
- 3.5. BTVLEP has also been a prime mover in the creation of 'The 39 LEPs' a lobby group on behalf of all the English LEPs. This has met with senior politicians to press for more central government money to be devolved from Government departments to local LEPs. Bucks LEP has led the refresh of the existing LEP Network to become more led by LEP Chairs, and for the last 9 months has been the route through which stakeholders and Government Departments have engaged with LEP Chairs on LEP Network business.
- 3.6. BTVLEP has delivered the following:
- Eastern Link Road: secured £14m from the Public Works Loan Board to support this development in Aylesbury;
 - High Wycombe Town Centre masterplan: secured £2m from the Public Works Loan Board to support this;
 - Aylesbury Town centre renewal: £2m invested into Aylesbury Town Centre regeneration plans;
 - Handy Cross: £2m to assist this development off Junction 4 of the M40.
 - Hughenden Quarter: £1.4m to assist with access to this development site through the spine road and upper site access road.
 - Broadband: £1.7m added to an £18m superfast broadband programme to deliver vastly increased connection speeds to 91% of the county. More funds are being sought to bump this up to 95% and we're pushing to ensure that all but the most remote areas can be connected to the super-highway;
 - Transport: £8.3m provisionally allocated to the Local Transport Body now flows through the LEP; to improve transport in Bucks with contributions earmarked towards East West Rail;
 - Silverstone: helped MEPC bid for £4m from Growing Places Fund money held by SEMLEP; active on the Cross LEP High Performance Technologies Group that is based out of Silverstone; sit on the cross LEP Masterplan Group; supporting the MIA

⁴ www.bbf.uk.com

and TSB promote the Motorsport Valley Launchpad; providing ongoing support to MEPC through the Local Growth Fund process.

- 3.7. The Board of the BTVLEP meets regularly with senior civil servants from DCLG, BIS and DfT to discuss economic development issues within Buckinghamshire. In November BBF was recognised as the first non-City 'Growth Hub'. This is essentially Government's way of recognising the support provided by BBF to businesses as meeting their national standard. This is significant both due to the support that the Hub will provide to local businesses but also because of the focus Government Ministers have on 'Hubs' which will again raise the profile of BTVLEP.
- 3.8. The north of the County also overlaps with the South-East Midlands LEP (SEMLEP) by virtue of Aylesbury Vale District Council being a member of both LEPs. SEMLEP is the successor in geographic area to the former 'Milton Keynes South Midlands' (MKSM) Housing Growth Sub Region established by the former Labour Government. Buckinghamshire County Council is not a member of SEMLEP but does engage with it in the capacity of Highways Authority and Education Authority for Aylesbury Vale.

4. Funding

- 4.1 The LEP itself is not legally constituted as a formal entity. Therefore the board nominated BCC as the accountable body responsible for holding BTVLEP funds and drawing them down for agreed expenditure. Due diligence in this role is ensured by the Council's S151 officer, who executes BCC's existing statutory duties in this respect.
- 4.2 Amongst the first funding pots the LEPs were eligible for was the Growing Places Fund, the first round of which was worth £4.2m to Buckinghamshire in 2011/12. BTVLEP agreed to direct this towards Handy Cross, Broadband and East-West Rail. A second round of GPF was raised by collecting underspend and resulted in another £2m for Bucks, which the LEP agreed to direct towards Aylesbury Town Centre regeneration and the Hughenden Quarter⁵. All these projects were subject to legal agreements between the LEP, the accountable body (BCC) and other delivery partners (District Councils). More recently the government realigned European Structural Investment Funds (EUSIF) to be distributed on a LEP basis. BTVLEP was allocated €13.9m of EUSIF between 2014 and 2020⁶.
- 4.3 A key aspect of the Growing Places fund is the ability of LEPs to recycle the funds. The £2m for Aylesbury Town Centre regeneration has already been paid back to the LEP and been used to buy the Old Police Station adjoining Old County Offices to do a joint scheme with BCC that will be submitted for planning in March 2014.
- 4.4 As a result of Lord Heseltine's report, LEPs are entitled to bid for a pot of money from the newly-created 'Single Local Growth Fund'. This is worth at least £2bn a year

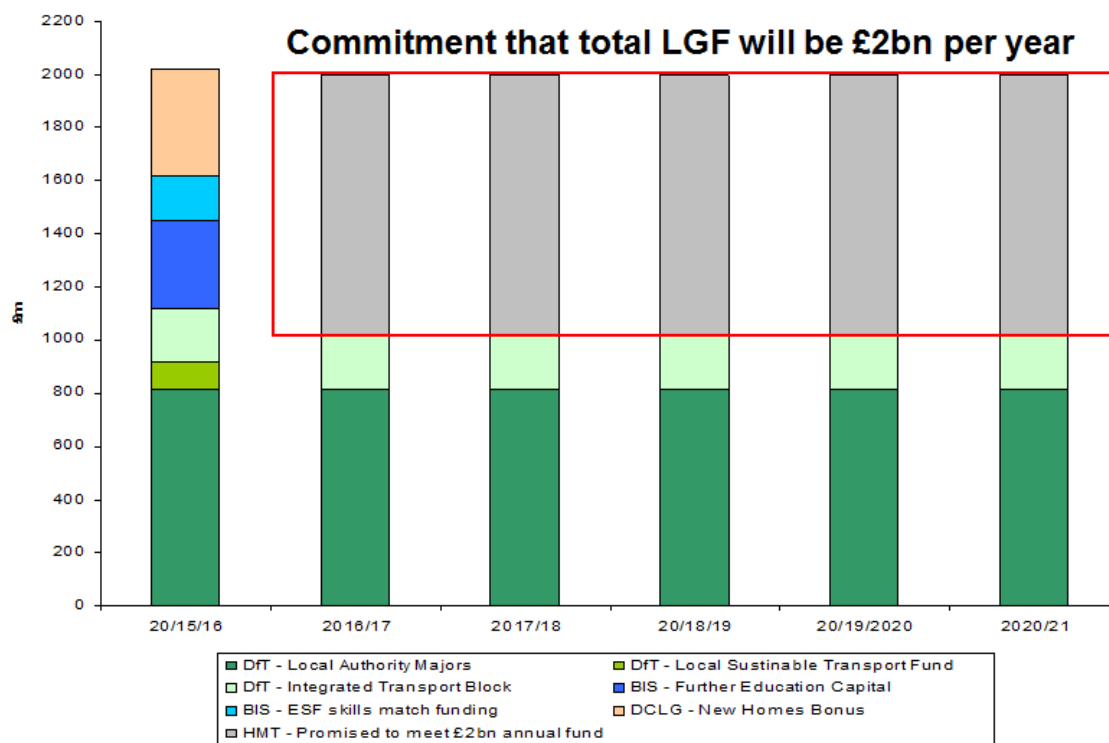
⁵ <http://www.buckstvlep.co.uk/uploads/downloads/BTVLEP%20Board%20-%202020%20July%202012%20-%20Summary%20Minutes.pdf>

⁶ <http://www.buckstvlep.co.uk/eu-investment-plan>

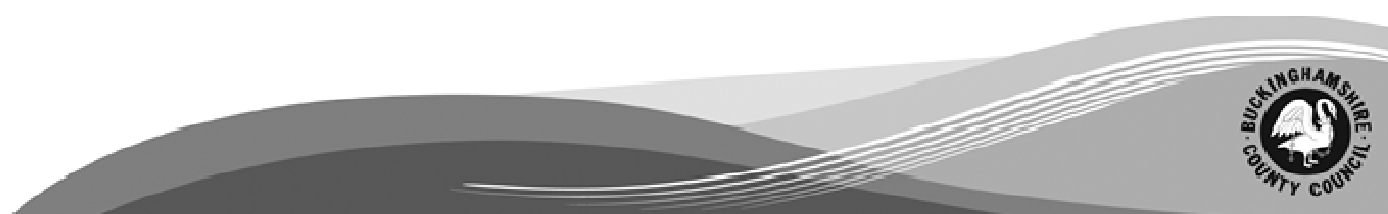
and has been created by pooling existing funding mechanisms either wholly or in part. Notable inclusions within the SLGF for BCC are transport majors funding, the Local Sustainable Transport Fund and 43.7% of integrated transport block funding. The latter previously came directly to BCC and amounted to £2.86m in 2012/13. In the summer of 2013 the government consulted on proposals to incorporate 100% of the New Homes Bonus that County Councils currently receive (20% of the overall pot) into the SLGF. This proposal was met with strong opposition from BCC and the County Councils Network and as a result the autumn statement announced the change would not take effect and would be replaced by an increase in the Housing Revenue Account borrowing limit, part of the Regional Growth Fund and part of Large Sites funding.

4.5 The proposed makeup of the SLGF is shown in Fig. 1 below.

Fig. 1 – Structure of Single Local Growth Fund in 2015/16 (NB. New Homes Bonus portion replaced – see para. 3.3)



4.6 Within the SLGF, certain elements will be allocated by formula whilst others will be allocated competitively; this split is approximately 50:50. Funds allocated formulaically include Further Education Capital, those replacing the New Homes Bonus, and some of the Local Transport Majors pot (including money already allocated to Local Transport Bodies). The remaining portion is competitively allocated and will be determined by the relative strength of each LEP's Strategic Economic Plan (SEP). Draft SEPs were



submitted to government in December 2013 with final versions to follow in March 2014. The final funding allocations will be announced in the summer of 2014 with delivery of Strategic Economic Plans commencing in 2015.⁷

4.7 A funding complication arises as a result of AVDC's membership of both Buckinghamshire Thames Valley LEP and SEMLEP. To date allocated funds based on the AVDC area have been split between the Buckinghamshire LEP and SEMLEP. This has reduced the total 'pot' of money available directly to the Buckinghamshire LEP to invest within Buckinghamshire. In future, given the Government's stated intent to make future funding subject to competitive bidding there is the possibility that the Buckinghamshire LEP will be competing with SEMLEP for funds.

5. Processes

5.1. The LEP has a governance and accountability framework that formalises its structure, purpose and 'rules of engagement'⁸. Decision-making at the LEP is executed through monthly board meetings⁹, the membership of which is nominated by the constituent authorities. BCC is represented on the board by the Leader, with the Deputy Leader the nominated substitute. The private sector representatives are nominated by the Bucks Business First board and are as follows: Ruth Farwell (Buckinghamshire New University), Guy Lachlan (Jones and Cocks), Andrew Smith (Pinewood Studios), Alex Pratt (Serious Brands and chair of BTVLEP) and Michael Garvey (Stupples Chandler Garvey). More details, including board governance and accountability can be found at: <http://buckstvlep.co.uk/about-btv>

5.2. In addition to the board, the LEP has two sub-groups that focus on aspects of the Strategic Economic Plan. The skills sub-group and infrastructure sub-group draw together technical officers from across the 5 Bucks authorities to ensure all plans are suitably aligned and appropriate evidence is shared.

6. LEP Structure

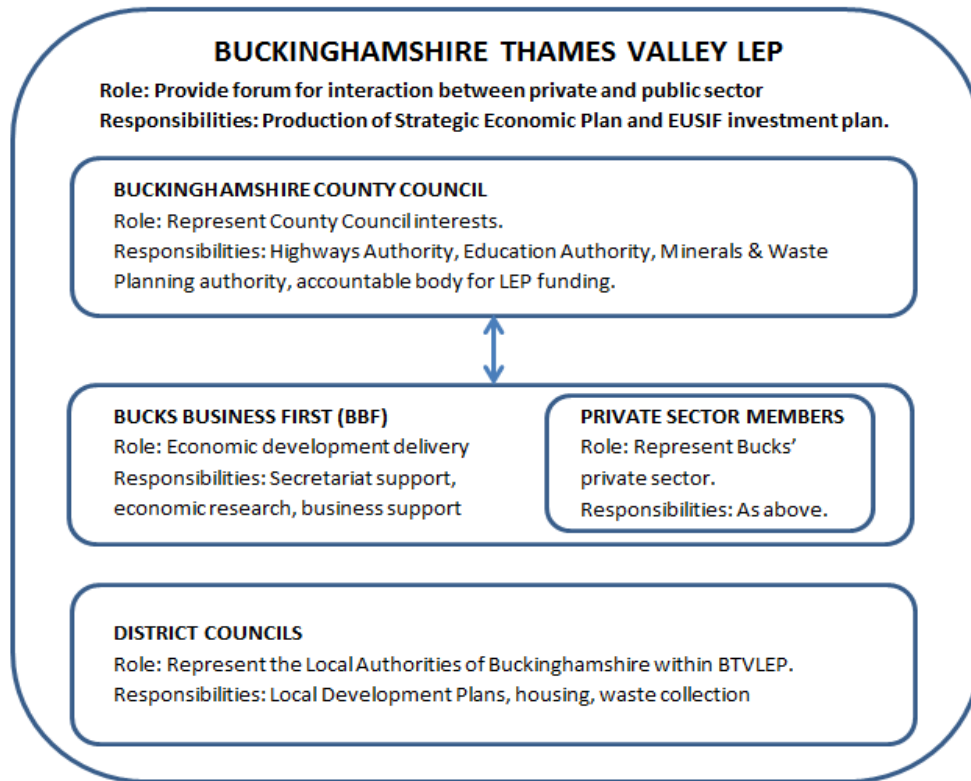
6.1. The diagram below outlines the various roles of the Local Authorities and BBF as partners in the LEP structure.

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224776/13-1056-growth-deals-initial-guidance-for-local-enterprise-partnerships.pdf

⁸ <http://www.bbf.uk.com/download/129>

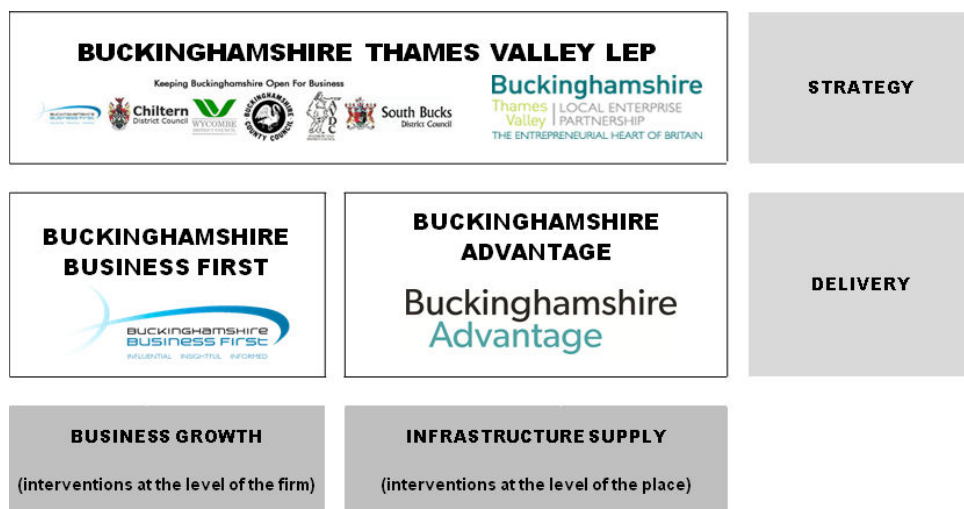
⁹ <http://www.buckstvlep.co.uk/interesting-stuff/board-meeting-minutes>

Diagram of the LEP structure, roles and responsibilities



6.2. Future LEP structure

Going forward the LEP will continue to deliver support to business through BBF and Buckinghamshire Advantage (where the County, Districts and BBF are all equal Members), will be formed to aid the delivery of infrastructure projects as required by the partners.



7. Conclusion

- 7.1. LEPs are operating in a competitive environment to maximise economic growth across the country. The Bucks LEP will continue to look to draw in additional government resource to help Buckinghamshire deliver the identified economic development priorities and seek greater public and private alignment and leverage in the process.
- 7.2. The Bucks LEP will continue to raise the profile of Bucks with Government as an area that delivers, returns a positive economic contribution to the Treasury, entrepreneurial and with the appropriate forms of investment, flexibilities and freedoms will continue to be a successful place for business to operate in.