



## Report to Cabinet

**Date:** 14 February 2023

**Title:** Buckinghamshire Place Based Growth Model

**Relevant councillor(s):** Martin Tett, Leader

**Author and/or contact officer:** Richard Ambrose

**Ward(s) affected:** None specific

### Recommendations:

- Buckinghamshire wants to lead the way in defining what best in class integration looks like for economic delivery. The Unitary Council alongside a coterminous LEP, with strong relationships and a shared ambition, provide the right conditions for this integration. We aim to transition to a 'No Deal' partnership model of strategic governance with effect from April 2023, as outlined in Appendix 1, and establish a 'Pooled Investment Fund' to exclusively fund inclusive economic growth.
- Our collective financial pressures and the desire of government to devolve programme activity to the local level provide further impetus for this change. A new 'Place Based Growth Board' would strengthen alignment, generate and focus funds and oversee the effective allocation of resources to support agreed priorities.
- To further align our activity four supporting boards responsible for the development and management of a number of strands of supporting work would report into the new Growth Board. These include an Enterprise & Investment Board, a Skills Board, a Place, Housing & Regeneration Board and the Opportunity Bucks Board.
- Buckinghamshire LEP (BLEP) would fulfil the Enterprise & Investment Board remit. In this initial phase we will seek to integrate activity rather than incorporate the legal entity and so would not pursue TUPE transfer and the dissolution of the LEP Company, particularly in light of the legal and government funding considerations.
- Buckinghamshire Business First (BBF), as a key delivery partner and part of our economic and business architecture, would lead on business support and integrated skills programme support whilst maintaining its status as the primary Buckinghamshire business representation organisation. BBF would specifically be

delegated the task of managing both the Growth Hub and Skills Hub subject to the core funders (Buckinghamshire Council and the Buckinghamshire LEP) agreeing a Memorandum of Understanding with BBF, to include agreed metrics, to clarify expectations around the funding provided.

- We specifically transfer into the ‘Pooled Investment Fund’ the management of the Enterprise Zone programme that is currently managed by the EZ Board (in line with the current approved MoU) and the Connected Counties Gainshare income. The gainshare from contract 1 is c£2m (Council = £1,110k and LEP = £900k) and for contract 2 is expected to be c£1m by 2028 (Council = £630k and LEP = £370k). This will be used for clearly defined economic activities and will be managed by the Enterprise & Investment Board who will assess business cases against criteria set by the Place Based Growth Board in order to help catalyse investment linked to agreed priorities.
- In transferring Council resources into the proposed ‘Pooled Investment Fund’, the Council will attach the condition that, as well as requiring a Board majority, all three Cabinet Members on the Enterprise & Investment Board must agree to the release of any funding from the ‘Pooled Investment Fund’ by the Board, to ensure that all Council resources are allocated to agreed priorities. Any additional funding required from the Council requires formal approval by the Council, in line with financial procedures.
- We will better utilise and align existing support services including IT, HR and finance and improve relationship management with the most significant Buckinghamshire businesses, increase the Inward Investment capacity in conjunction with the Department for International Trade (DIT) and maximise external funding and grant bidding capacity.

**Reason for decision:** To provide a more streamlined and integrated place based growth approach where thematic activity including health, economy and physical environment may be coordinated to best effect.

## **1. Executive summary**

- 1.1 Given the co-terminosity of the county, the disaggregated current arrangements and the strategic policy direction towards devolution then, even without a county deal, we should look to move towards closer integration, including having a **‘place-based’**

**governance model** rather than one purely centred around economic development. This would also then allow for a strategic review of our approach to economic prosperity across Buckinghamshire. Any model should ensure that Buckinghamshire is the 'master of its own destiny'.

- 1.2 Locally the financial position to fund growth and levelling up activity will be challenging with scarcity of funding, which is why it would make sense to transition towards a single vision and the pooling of resources to meet jointly agreed priorities to achieve the vision. The creation of a '**Pooled Investment Fund**' would be a new and powerful tool and would require approved funding from both the Council and the LEP. It would also be prudent to continue to position for government funding programmes at every opportunity.

## 2. Content of report

### Background

- 2.1 The Levelling Up White Paper and supporting draft legislation provides Buckinghamshire with the opportunity to take control and address levelling up, regeneration and innovation priorities. Ideally Buckinghamshire is seeking a case for a 'Level 2 plus' County Deal that could result in devolution of both capital funds and powers through the award of new local flexibilities and freedoms. However, whether or not the Government continues to proceed with county deals, or indeed allow Level 2 plus deals, we are collectively agreed that we need to synthesise our current work in this space into a better aligned governance structure.
- 2.2 On the 31 March 2022, government issued a guidance letter which outlined a framework for integrating LEPs into local democratic institutions, where devolution deals were to be secured by 2030. The stated aim being to '*balance the accountability of local growth institutions, our objectives on devolution and the need to retain a local, independent, business voice.*' The Government have more recently published an 'Integration Plan' template, which would be required to be completed for those pursuing a devolution deal.
- 2.3 In the *Levelling Up the United Kingdom* white paper, published in February 2022, the government announced that nine county areas will be invited to negotiate new devolution deals with central government. These areas were: Cornwall; Derbyshire & Derby; Devon, Plymouth & Torbay; Durham; Hull & East Yorkshire; Leicestershire; Norfolk; Nottinghamshire & Nottingham; and Suffolk. In May 2022, Government published the Levelling Up and Regeneration Bill, which is currently going through Parliament. This new legislation proposes new devolved powers and devolution arrangements, which aim to empower local authorities to drive economic growth


and improve public services via the new County Deal framework. In August 2022 Derby, Derbyshire, Nottingham and Nottinghamshire councils together signed a new devolution deal with central government, which will include the creation of a directly elected mayor for the East Midlands. In Nov / Dec 2022 deals to bring Mayors to Cornwall, Norfolk and Suffolk were announced and a forthcoming deal to an area of the North-East including Newcastle, Gateshead, Northumberland, Durham and Tyneside was trailed. All deals have so far been struck in peripheral areas and all at Level 3. While integration is a requirement of a Level 2 deal it remains unclear as to whether government would continue to fund the LEP function within such a deal. A decision on this is imminent.

- 2.4 Notwithstanding the extraordinary changes in the global and national economy and across the political landscape over recent months, the direction of travel appears to remain the same with the recent appointment of Rishi Sunak as the new Prime Minister and the re-appointment of Michael Gove as the Levelling Up Secretary. However, it is apparent that priority will be given to Level 3 deals. In the absence of a 'Level 2 plus' deal, yet to be tested at a political level in Government, resources should be concentrated on developing a best-in-class Level 2 deal, or indeed a best-in-class local solution to no deal for the foreseeable future.

### **A Place Based Programme**

- 2.5 Currently we have an organisational based programme that is coordinated by joint working at a senior level. This can sometimes give the impression of, or result in, duplication. It also has enabled government to fund different partners with different funding streams that have sometimes become confusing and less impactful in their profusion. While national policy and government funding lays outside of our control we do have the opportunity to reorganise locally to ensure that we are making the best use of limited resource. The proposed new model of governance will ensure that we are all aligned to a placed based common vision and plan and provide the broadest platform from which to address our growth and cohesion priorities. No one organisation will likely succeed on its own.
- 2.6 The new proposed Growth Board represents a place based approach where thematic activity including health, economy and physical environment may be coordinated to best effect. Closer integration should allow us to retain the strength of organisations and coordinate activity through a common Place Based Growth Board framework. Incorporating functions into one organisation may help develop a single delivery plan but it may also make it difficult to differentiate from that organisation's processes and priorities and those of the wide place based partnership. The proposal also has a clear focus on our local work on levelling up.

## New Model of Strategic Governance

- 2.7 A steering group has been considering a proposed new model of governance which aligns Buckinghamshire to the path of national government policy and a deal. The new model aims to further strengthen the work currently undertaken by partners including supporting and developing our key sectors, providing a strong and independent business voice, taking forward skills delivery and combining this with a wider focus on health and equality, education, place and regeneration.
- 2.8 To achieve this the proposed new '**Place Based Growth Board**' would have a strengthened and expanded scope and remit that effectively brings together the current strengths of both the LEP and Growth Board functions. This new Place Based Growth Board would be the **overarching top tier Board** that sets the **vision and overall strategy and has oversight of the accountability** resting with it. Sitting underneath this new board would be a series of supporting boards, including an **Enterprise & Investment Board, a Skills Board, a Place/Housing/Regeneration Board and the Opportunity Bucks Board**.
- 2.9 The key **benefits** of the proposed new place based model are that they:
- a) Align with the Government's ambition for more devolution and empowered local democratic institutions while integrating business voice, with a single point of contact for a place;
  - b) Positions Buckinghamshire as an example of how to develop a new model outside of a devolution framework but demonstrates our readiness and ambitious and innovative thinking, which can strengthen our position for securing a County Deal;
  - c) Brings together the strengths of both the LEP Board and Growth Board to provide a more holistic view to steer meaningful economic activity to deliver a unified vision that can help drive economic prosperity, enhance place-making, improve skills delivery and provide targeted support for business and local levelling up activity across the county;
  - d) Can help accelerate net zero, reduce dependency on fossil fuels and bring huge social benefits, as evidenced through a recent study / report by PwC on place-based approaches;
  - e) Removes duplication in terms of membership and discussions on current boards and allows a single Place Based Growth Board to be able to lead and coordinate activity;
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- f) Fosters a more cohesive and co-operative approach by bringing together different stakeholders and, thereby, removing confusion for partners, including government;
- g) Involves business leaders and other stakeholders on the relevant boards thereby facilitating meaningful involvement and influence within local decision-making;
- h) Enables effective pooling of LEP and Council financial resources (as well as any secured external / third party funding) and swifter decision making to support investment priorities (Investment Fund), independent of Government. Potential funds that could be pooled and ring-fenced for defined economic development activity include surplus EZ retained business rates, future LEP and Council connected counties gainshare, BLEP balances (from recycled pots and loan repayments) and possible future pension fund investments (pending government guidance);
- i) Streamlines the current model of working in a more cost effective and efficient manner that could lead to savings and enable clearer and strengthened strategic leadership;
- j) Subject to agreement of a Memorandum of Understanding (MoU) with key metrics, maintains Buckinghamshire Business First (BBF) as a powerful independent business voice for Buckinghamshire;
- k) Does not require legislation to establish a County Combined Authority and is a relatively straight forward integration given the co-terminosity across the county (unlike in other parts of the country).

2.10 **Appendix 1 sets out a proposed model of strategic governance, including a remit for each of the Boards.** We need to ensure that all board structures have the right experience, expertise, and insight. The membership of the boards will need to be politically and managerially inclusive and ensure strong business and partnership input at both the strategy and implementation levels as well as reducing current duplication.

2.11 As government policy now appears to be re-emphasising the Industrial Strategy the LEP / Enterprise & Investment Board could develop a new green place based industrial strategy that meet the requirements of both growth and levelling up as it relates to Buckinghamshire. The transition to the new governance arrangements will need to be managed carefully to avoid any disruption. Furthermore, any risks will need to be identified and managed carefully (e.g. ability to optimise all potential funding opportunities).

## Other Due Diligence Work

2.12 In terms of the due diligence work this has been completed across a number of specific workstreams. The key highlights to draw out are as follows:

- **Business Voice** – in order to enhance our strong and independent business voice we look to bring together the two current business facing organisations so that **BBF becomes the primary business facing representative organisation in Buckinghamshire**. It is also recommended that we continue to delegate the **management of the running of both the Growth Hub and the Skills Hub (strategy set by the Skills Board) to BBF** subject to the core funders (Buckinghamshire Council and the Buckinghamshire LEP) agreeing a **Memorandum of Understanding with BBF, to include agreed metrics**, to clarify expectations around the funding provided. The agreed governance model will ensure that business leaders and partners are meaningfully involved in local decision making.
- **Projects, Programmes & Services delivered by the LEP** – all current LEP activity will continue. A mapping exercise has been undertaken to review the current offer in terms of economic development undertaken by the main partners in **'Team Bucks'** so that any duplications, gaps or opportunities for closer and early collaboration can be identified. Although there is little operational duplication between the LEP and the Council the exercise has identified a **number of areas for closer alignment across 'Team Bucks'**, including the opportunity to improve relationship management with the most significant Buckinghamshire businesses, the opportunity to develop a more comprehensive and aligned Inward Investment Function in conjunction with the DIT, an analysis of the external funding and grant bidding capacity of the partners and to consider the opportunities to better utilise and align existing support services such as IT, HR and finance.
- **Staffing** – there are two options around possible staff integration (wholly owned company or TUPE transfer). Financial analysis shows that there would be a saving of c£135k with TUPE transfer and closing of the company, although the timelines for this (including staff consultation) would mean that it would take between 3 to 6 months to complete. TUPE transfer would enable staff and functions to integrate 'fully', as they become one team with one vision and set of priorities. **However, for legal and funding reasons we recommend keeping the legal entity of the LEP at the present time**. It is also suggested that **TUPE is not pursued at this stage** but may be considered in the future. The costs of a transfer process would need to be managed and hosting costs incorporated into the Buckinghamshire Council central resource.
- **Finance & Assets** – we have a full record of all contracts, liabilities and assets of the LEP. There are no long term contracts in existence and relevant ones



could be formally transferred over to the Council in the event of the company being dissolved, especially given that the Council remains the accountable body for the LEP. Until then we would look to **pool together and ring-fence specific resources (in a binding way), for defined economic development functions as part of establishing a 'Pooled Investment Fund'**. A financial risk exists around the future core funding for the LEP, which is currently £375k per annum.

### **3. Other options considered**

- 3.1 The other option is to keep the governance arrangements as they currently exist until any devolution deal with government is agreed. This is not recommended as it represents an organisational approach to economic development rather than a more holistic and streamlined approach and it also results in duplication in terms of both discussions and membership of boards. The proposed new approach aligns with current government thinking and demonstrates our readiness and ambition for securing a 'County Deal'.

### **4. Legal and financial implications**

- 4.1 The Boards will have no formal Council decision-making powers but can form collective views and develop a shared position / view on specific topics. Work will continue to be undertaken in a range of forums outside of the Place Based Growth Board and its Supporting Boards.
- 4.2 A key decision is required to approve the transfer of any Council resources into the proposed 'Pooled Investment Fund' (e.g. Enterprise Zone programme / Connected Counties Gainshare). There is an approved MoU around the use of EZ income that sets out how funds can be utilised. This states that no surplus income can currently be distributed until 2026 without the agreement of both the LEP and the Council. The surplus as at the 31<sup>st</sup> March 2022 was c£3.4m although this is expected to increase considerably over the next few years. Connected Counties gainshare income from contract 1 is c£2m (Council = £1,110k and LEP = £900k) and for contract 2 is expected to be c£1m by 2028 (Council = £630k and LEP = £370k).
- 4.3 A formal agreement / MoU between the Council and the LEP will need to be developed setting out how the fund will be practically operated. However, it is the intention that the fund will be managed by the Enterprise & Investment Board in accordance with agreed criteria based on political priorities and commercial Return on Investment principles, with the aim of having a recyclable and commercially oriented investment fund that will help catalyse investment linked to agreed priorities. Any additional funding required from the Council would require formal approval by the Council, in line with financial procedures.



- 4.4 The terms of reference for the Enterprise & Investment Board will reflect the condition that the release of any funding from the Investment Fund will require a Board majority and unanimous approval from the three elected Cabinet Members on the Board to ensure that all Council resources are allocated to agreed priorities.
- 4.5 Full integration of the LEP into the Council (including the dissolution of the Company and transfer of functions, assets and liabilities) would be counter to current government guidance which contains the express statement *“Where no devolution deal is in place, LEPs will be maintained until a devolution deal is agreed, subject to future funding decisions.”*
- 4.6 It would be possible to leave the LEP in existence but change how this is operated / controlled, with the agreement of the current LEP directors and Government. However, it should be noted that the National Local Growth Assurance Framework (September 2021) states that: *“at least two-thirds of the (LEP) Board must be representatives from the private sector”*. The framework also says that: *“The LEP should ensure that there are Local Authority representatives on the LEP Board to ensure democratic accountability and provide local intelligence.”*
- 4.7 The new model of governance being recommended requires the agreement and cooperation of the LEP. This was given at its meeting on the 27<sup>th</sup> January 2023.

## **5. Corporate implications**

- 5.1 Having a new place based growth model links directly to the Council’s key priority of ‘Increasing prosperity’. It will help to encourage sustainable economic growth, working with our partners to maximise opportunities and boost productivity. Furthermore, it aims to attract high quality jobs and investment in skills, innovation and connectivity; keeping Buckinghamshire one of the best places to do business.

## **6. Local councillors & community boards consultation & views**

- 6.1 Not applicable.

## **7. Communication, engagement & further consultation**

- 7.1 Relevant communication and engagement will be taken forward, with our key strategic partners, to launch the new governance arrangements and explain how these will help improve outcomes for both businesses and the public. This will include an initial press release. Further communications will be formulated and developed once the new arrangements have been implemented.

## **8. Next steps and review**

27 January 2023	Proposed Model of Governance considered by the LEP Board members and notification to the Secretary of State (BEIS and DHLC).
01 February 2023	Proposed Model of Governance considered by the Growth Board members.
14 February 2023	Proposed Model of Governance considered by Cabinet.
Feb / March 2023	Partners take the proposals through their governance arrangements (e.g. BBF, Bucks Health Trust, Buckinghamshire New University etc.).  Agree Membership of the Boards (including the Chairs), draft terms of reference for the Boards, develop the MoU for setting out how the Pooled Investment Fund will operate, including the criteria for assessing and prioritising business case investment bids and draw up the MoU between BBF and the core funders around the funding provided.
01 April 2023	Implementation of the New Model of Governance.

## **9. Background papers**

9.1 None.

## **10. 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 [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk).

