

ITEM 5 – LEVELLING UP, ATTACHED

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**West of England Local Enterprise Partnership
Board meeting – 30 March 2022**

Levelling Up White Paper

Executive Summary

The Government White Paper "Levelling Up the United Kingdom", published on 2 February 2022, proposes changes to the current framework for the governance and funding of LEPs¹. This report sets out the proposals for the next steps for the LEP.

Recommendation

The Board is asked, following a preliminary discussion, to how it might wish to take matters forward. For example, that could include a recommendation to the Combined Authority Committee and the Joint Committee that a working group, comprising representatives from the Combined Authority, the LEP, North Somerset and a representative from the three other Unitaries to consider options and proposals to bring before the respective bodies in the early summer.

Context

The current LEP arrangements are that:

1. The LEP is a non-statutory body, a business led partnerships with representatives from the local authority others to promote economic development in this area. The overarching purpose of the LEP is to be a mechanism for the constructive partnership between the business community, universities, the Unitary Authorities and the West of England Combined Authority to deliver the strategic economic plan for the region.
2. The LEP covers the area of four Unitary Councils, Bath and North East Somerset, Bristol City Council, South Gloucestershire and North Somerset. The West of England Combined Authority covers the same area less North Somerset. The LEP and the Combined Authority are not wholly coterminous.
3. The current funding arrangements are broadly as follows:
 - a) Economic Develop Fund (EDF) – set up as part of the City Deal whereby the region retains the uplift on business rates within the Enterprise Zones and Areas over 25 years. Through this growth, the Economic Development Fund was created expected to be worth some £500m over 25 years. The UAs borrow to fund the infrastructure to enable the growth with the fund repaying them over the term of the EDF. The LEP is the accountable body for the fund but the UAs have the ability to identify schemes, subject to business case, with funding decisions being made by the Joint Committee.
 - b) Revolving Infrastructure fund – this is a revolving fund with the initial Government grant funding already drawn down and a portion of it repaid. The scheme continues to revolve with several recent new funding awards. The LEP is the accountable body for the funding with decisions on funding being made at the Joint Committee.
 - c) Getting Building Fund – this grant funding was allocated for the period 20/21-21/22 and ends March 2022.

- d) Individual project funding in the business and skills space that has been awarded to the LEP spanning the 4 Council area, or in the case of the South West Energy Hub a wider geography e.g., Careers Hub, Growth Hub, South West Energy Hub, ESIF programmes. Some of these programmes will end within the next financial year
4. The recommendations of the LEP are reviewed and approved by the Joint Committee of the Four Unitary Councils and the West of England Combined Authority.
 5. The accountable body, which oversees delivery and provides assurance to government of due diligence and process is the West of England Combined Authority.

Recent developments

The recent white paper included proposals in relation to the future of LEPs. It includes proposals for those areas where a LEP is not coterminous with a Combined Authority.

The arrangements in the case of a LEP which includes the area of a combined authority but extends beyond it are to be decided on a case-by-case basis. The details remain somewhat unclear at the time of writing. More details of the government proposals are expected shortly, any further information will be reported to the meeting. Suffice to say, any proposals will likely have a significant impact on the future working arrangements of the LEP.

The proposed funding arrangements are that in future money will be derived from the shared prosperity fund which will go separately to MCA and to North Somerset. The mechanism for Project money and Capacity funding is still unclear.

The West of England Combined Authority Committee is considering, on the 8 April, the consequences of the government proposals on the Combined Authority, the Unitary Councils and future arrangements and governance of the LEP.

The Government proposals are going to pose a number of questions which will need careful consideration, including

1. What should be the broad purpose and role of the LEP in future?
2. What should be the preferred geographical footprint of the LEP?
3. What would be its preferred governance and accountability arrangements in future?
4. How will the funding arrangements work?

In practice, it is suggested, these are challenging questions which are best worked up in consultation and discussion with the Combined Authority and the four Unitary Councils.

Author: Stephen Gerrard, Interim Director of Law and Democratic Services

ⁱ [Levelling Up the United Kingdom White Paper \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk)