

## **West of England Local Enterprise Partnership Board Board meeting – 29 September 2023**

### **Future of the LEP**

#### **Purpose of the report**

1. To provide the LEP Board with an update on the Government policy position regarding the future of LEPs and to seek views from the LEP Board on approaches to ensuring a continued role for the voice of business in setting regional strategic direction.

#### **Recommendation**

- It is recommended the LEP Board consider the range of questions set out at paragraph 5 to inform ongoing work on the future of the LEP as it transitions into a new Business Advisory Board.

#### **Background**

2. At Budget 2023 Government announced their intention to stop direct capacity funding for LEPs, making the future landscape unclear. In August, Government confirmed that capacity funding will cease from April 2024. LEP functions will transfer to MCAs (or groups of LAs where MCAs do not exist). Capacity funding to support transfer and integration of functions into local democratic structures will be provided to MCAs (or groups of LAs where MCAs do not exist). A letter setting out the Government's policy position is included at annex 1.
3. Work is underway to consider options for how we respond to the Government's policy direction, ensuring a strong business voice remains part of our approach to setting the strategic direction of the region.
4. Mayors and Leaders will be considering this question as part of their discussions on the role and purpose of the Combined Authority. The views of LEP Board members will be valuable in informing what the future looks like.

#### **The role of a Business Board**

5. The purpose of the West of England LEP has been to secure the region's continuing, ambitious, and inclusive economic success; its attractiveness as a place to live and thrive and for businesses and communities to grow in a sustainable way delivering a robust economy and secure skill base.
6. The success of our region is reliant on strong partnership between a range of national, regional, and local organisations. The business voice is a vital component of that partnership. A powerful voice of business brings a strategic perspective to addressing the challenges faced by regional economies that complements the priorities identified by local political leaders.

7. Benefits to the region of having a strong voice of business in decision making include:
  - Supporting development of regional economic strategy with an understanding of how decisions around skills, business support, innovation, infrastructure will impact on the ground, and where the gaps and challenges are.
  - Bringing sector specific perspectives to support key areas of CA priority eg skills, culture, environment.
  - Strengthening the region's national and international profile by amplifying messages and highlighting investment opportunities to wider audiences.
  - Deepening the region's reach into Government to reinforce messages and promote the region's interests through the networks of Board members.
  - Responding quickly to pressing priorities, bringing capacity and different perspectives to challenging issues e.g. recovery plans, cost of living implications etc.
8. An ongoing business voice in regional strategic discussion is valuable in continuing to deliver on the attributes set out above. Government has also been clear they want to see an ongoing business engagement in regional decision making.
9. In order for any future Business Board to continue to provide a valuable contribution, it will be essential to attract high calibre, influential members of the business community. To ensure membership of the Business Board is attractive to these individuals and their employers, the board would need to have a clear role in influencing strategic direction and supporting regional decision making.

### **Approaches taken elsewhere**

10. To support LEP Board discussions on potential future approaches to ensuring a continued role for the voice of business in setting regional strategic direction, officers have reviewed the approach being taken in other regions. Key points to note:
  - The role and remit of Business Boards is similar across the country. They have been established to (1) serve as the primary route to business advice to Mayors and MCA Committees; and (2) to act as ambassadors for the region, strengthening the case for investment in regional priorities.
  - In a number of areas, particularly where the LEP was already well integrated to the CA (such as Greater Manchester and West Yorkshire), LEPs are in the process of evolving into CA Business Boards.
  - Some areas have reviewed the approach to incorporating business voice into decision making as part of a wider review of governance. In South Yorkshire, this has resulted in proposals to establish a new Mayor's Economic Advisory Council and a Business Advisory Board – both of which will have distinct work programmes endorsed with the Mayor and CA Board.

- In some instances, CA Constitutions have been updated to specifically recognise the role of the Business Board and provide for the Chair of the Business Board to speak at CA Committee meetings.
  - In a number of areas, a recruitment process is underway to establish new Business Boards.
11. Annex 2 provides a more detailed summary of approaches to establishing new Business Boards across MCA areas.

### **Questions to consider**

12. Questions it would be helpful to have the view of LEP Board members on are:
- a. What do members think the key role of a regional Business Board should be?
  - b. What range of sectors or types of business is it useful to have represented in a Business advisory board?
  - c. Are there specific areas of work that it is particularly useful for Business Board members to focus on, or should the future Business Board consider all issues the Combined Authority is working on?
  - d. Are there approaches to how the LEP Board has worked that members are keen to retain (and equally, are there pieces of work where we could learn lessons on what to avoid doing in future)?

### **Next Steps**

13. Drawing on the conclusions of the LEP Board discussion and broader feedback from local partners, proposals for future Business Advisory Board Arrangements will be developed to be taken through relevant Committees in January.

**Author:** Rachel Pykett, Head of Policy

**Annex 1: Government statement on future of LEPs**



Department for Levelling Up,  
Housing & Communities

**Dehenna Davison MP**  
**Minister for Levelling Up**  
4th Floor, Fry Building  
2 Marsham Street  
London  
SW1P 4DP



Department for  
Business & Trade

**Kevin Hollinrake MP**  
**Minister for Enterprise,  
Small Markets and  
Business**  
Old Admiralty Building  
London  
SW1A 2DY

To: LEP Chairs, Combined Authority Mayors,  
Local Authority Leaders, and the Mayor of London

4<sup>th</sup> August 2023

Dear all,

**TRANSFER OF LOCAL ENTERPRISE PARTNERSHIP (LEP) CORE FUNCTIONS  
TO COMBINED AND LOCAL AUTHORITIES**

At [Spring Budget 2023](#), the Chancellor announced that the Government was 'minded to' withdraw central government support (core funding) for Local Enterprise Partnerships (LEPs) from April 2024 and transfer their functions – namely, business representation, strategic economic planning, and the delivery of government programmes where directed – to local authorities, where they are not already being delivered by combined authorities or the Greater London Authority.

We wrote to you on 17<sup>th</sup> March 2023 to launch an information gathering exercise on the practical implications of this proposal. We would like to thank you for your participation in this. A [summary of the findings](#) has been published today on gov.uk.

Following the conclusion of this exercise, we are now writing to you to confirm our 'minded to' decision. From April 2024, the Government's sponsorship and funding of LEPs will cease. The Government will now support local and combined authorities to take on the functions currently delivered by LEPs. Where not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed, the Government expects these functions to be exercised by upper tier local authorities, working in collaboration with other upper tier local authorities over functional economic areas as appropriate. Alongside this decision, we have published [technical guidance](#) for LEPs and local authorities to support them through this policy change.

The information gathering exercise identified overlap between some of the functions being discharged by LEPs, local authorities and combined authorities, as well as confirming that there is already a high level of integration of LEP functions in Mayoral Combined Authority areas. The exercise also highlighted the different perceived levels of benefit and engagement between LEPs and local authorities. The Government's

view is that there is likely to be scope for greater join-up, efficiencies, and clarity for the private sector by these functions being discharged within Mayoral Combined Authorities, devolution deal areas and upper tier local authorities, working together as appropriate.

The Government will therefore provide some revenue funding to local and combined authorities in 2024/25 to support them in delivering the functions currently delivered by LEPs. We will provide further detail of this support in due course. Funding beyond 2024/25 is subject to future Spending Review decisions.

Reiterating the message we sent to LEPs in March, we would like to thank LEPs and their staff for their hard work in supporting and driving local economic growth across England since 2011. We remain enormously appreciative of all the work LEPs have done in advising and supporting businesses and local decision makers for more than a decade, including through EU Exit and the COVID-19 pandemic. We would again like to thank those LEPs that have played an important role over the last year in helping areas broker new devolution deals and prepare Investment Zone bids.

The Government remains committed to our goal that by 2030, every area in England that wants a devolution deal will have one. By empowering local democratically elected leaders to deliver these key local growth functions from April 2024, we are accelerating the integration process set out in the Levelling Up White Paper.

With every good wish,



**Dehenna Davison MP**

*Minister for Levelling Up, Department for Levelling Up, Housing & Communities*



**Kevin Hollinrake MP**

*Minister for Enterprise, Markets and Small Business, Department for Business & Trade*

**Annex 2: Summary of LEP integration models in other MCA areas**

REGION	ROLE & REMIT	COMPOSITION	INPUT TO DECISION MAKING
Liverpool City Region	<ul style="list-style-type: none"> <li>In April 2023, the Liverpool City Region CA approved plans to integrate the LEP into the CA through the establishment of a new Business and Enterprise Board.</li> <li>The purpose of the Business and Enterprise Board is to articulate business views about the main economic opportunities and challenges facing the city region so they can be reflected in policy priorities.</li> <li>To act as the primary link between the business community and the CA</li> </ul>	<ul style="list-style-type: none"> <li>A Chair and Deputy Chair were appointed in August and other appointments to the new Board are underway.</li> </ul>	<ul style="list-style-type: none"> <li>Chair as a non-voting member of the CA</li> <li>Inputting to the development of regional strategies</li> <li>Board representation will be ensured for key industry cluster chairs, Higher and Further Education, social economy, and the Liverpool Visitor Economy Partnership.</li> </ul>
West Yorkshire	<ul style="list-style-type: none"> <li>The West Yorkshire LEP integration plan sets out it will transition to be a non-statutory partnership body focused on driving inclusive growth and improving productivity.</li> <li>The Board will become the primary business advisory board to the Mayor and the MCA.</li> </ul>	<ul style="list-style-type: none"> <li>In June 2023, recruitment started for the primary Mayoral and Combined Authority Business Advisor (who will act as Chair of the evolved LEP Board)</li> <li>Anticipated that alongside business members, the Mayor and LA reps will be members of the Board.</li> </ul>	<ul style="list-style-type: none"> <li>Business members sit on the CA Board and thematic decision making 'portfolio' committees.</li> </ul>

<p>South Yorkshire</p>	<ul style="list-style-type: none"> <li>In South Yorkshire it has been agreed the MCA policy making process engaged with the private sector will change, with a shift to establishing two new private sector focused boards; a new Mayor's Economic Advisory Council and a Business Advisory Board (due to be in place from September).</li> <li>The Mayor's Economic Advisory Council (MEAC) will provide nationally credible expert, advice and support, acting as ambassadors and champions of South Yorkshire. Members will be appointed by the Mayor.</li> <li>The Business Advisory Board will provide regional business input into the work of the MCA.</li> </ul>	<ul style="list-style-type: none"> <li>Membership of the Business Advisory Board is expected to be broadly balanced between business representative groups, representation from the Regional Skills Advisory Board, and an open recruitment process that will actively and purposefully seek new business voices.</li> </ul>	<ul style="list-style-type: none"> <li>The MCA Constitution is being amended to enable Board Chairs to speak at the MCA Committee.</li> <li>The Chair(s) and the Mayor will meet on a six monthly basis to develop a joint work programme which will then be considered and endorsed by the MCA Board on an annual basis.</li> </ul>
<p>Greater Manchester</p>	<ul style="list-style-type: none"> <li>In September 2022, the Greater Manchester CA approved plans to transition from a LEP to a GM Business Board.</li> <li>Contribute to shaping Greater Manchester thinking on short and long term issues...ensure these are heard and considered at GMCA meetings.</li> <li>Oversee key Greater Manchester Strategy priorities.</li> <li>Oversee delivery of the GM Economic Vision</li> </ul>	<ul style="list-style-type: none"> <li>Private sector led, with political membership alongside</li> </ul>	<ul style="list-style-type: none"> <li>GMCA Constitution amended to set out process for Business Board recruitment and to give the Chair to attend and speak at GMCA Committee meetings</li> </ul>
<p>West Midlands</p>	<ul style="list-style-type: none"> <li>In January 2023, the West Midlands CA Board approved proposals for the continuation of a business voice on committees and boards of the WMCA.</li> </ul>		<ul style="list-style-type: none"> <li>Arrangements have been put in place for an ongoing business voice to be heard at CA Committees and boards.</li> </ul>

<p>Tees Valley</p>	<p>The Tees Valley LEP is rebranding as the Tees Valley Business Board. It will:</p> <ul style="list-style-type: none"> <li>• Influence strategy on behalf of the local business community within the Combined Authority area.</li> <li>• Challenge and influence Combined Authority priorities and policy and programme development.</li> <li>• Influence and help determine Combined Authority investment priorities.</li> <li>• Develop a clear local plan for business growth, with a particular emphasis on SMEs, industrial clusters, inward investment, and international trade.</li> <li>• Collaborate with and support the Combined Authority officers on programme and policy development.</li> <li>• Evaluate strategy implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment of Business Board members will conclude on 22nd September 2023, subject to Cabinet agreement.</li> </ul> <p>Membership is aligned, where possible, to the economic priorities outlined in the Combined Authority strategic documents.</p>	<p>The Board will:</p> <ul style="list-style-type: none"> <li>• Meet quarterly</li> <li>• Report quarterly to TVCA Cabinet</li> </ul>
<p>Cambridgeshire &amp; Peterborough</p>	<p>Cambridgeshire and Peterborough integrated its LEP into the combined authority and established a business board in April 2018.</p>		