GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Local Enterprise Partnership Review

DATE: 17th September 2018

FROM: Simon Nokes, Executive Director Strategy and Policy

PURPOSE OF REPORT

This report sets out the background and recommendations of the recent Local Enterprise Partnership Review and the key implications for Greater Manchester.

RECOMMENDATIONS

The LEP Board is asked to note the report and provide any feedback.

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1. **Introduction**

1.1 The Industrial Strategy White Paper set out a commitment to review Government policy towards Local Enterprise Partnerships (LEPs) to ensure that they continue to support Government in delivering the Industrial Strategy, harnessing each area’s distinctive strengths to meet the Government’s Grand Challenges in the context of the future UK Shared Prosperity Fund.

1.2 This commitment builds on last year’s Mary Ney led review into LEP governance and transparency. Government accepted all the review recommendations and made compliance with these a condition of funding for 2018/19. GM has already implemented the recommendations of the Mary Ney Review as outlined in a report to the LEP in March 2018.

1.3 This LEP Review was led by Ministers and looked to bring forward reforms to leadership, governance, accountability, financial reporting and geographical boundaries to ensure LEPs remain independent and private sector led partnerships that are accountable to the communities they support.

1.4 The attached document – Strengthened Local Enterprise Partnership - sets out the conclusions of the policy review. It includes a series of Government commitments alongside a number of additional changes that Government will work with LEPs to implement.

2. **Key Implications for Greater Manchester**

2.1 GM already complies with the majority of the review recommendations which reflect current GM policy and practice, particularly in regard to transparency, accountability and diversity.

2.2 A further set of recommendations are not relevant to GM including geographical boundaries where the LEP and GMCA are already coterminous. However, there are a number of recommendations that will need to be addressed at Greater Manchester level.

2.3 In line with the White paper, Government has set LEPs “a single mission to deliver Local Industrial Strategies to promote productivity”. Whilst the emphasis of this approach will vary in different areas across the country, there is a risk that this could narrow GM LEP’s remit.

2.4 More specifically, there are a number of more detailed recommendations which include:

- **Roles and Responsibilities**: Publish an annual delivery plan and end of year report. This will include key performance indicators to assess the impact of their Local Industrial Strategy, funding and interventions including Local Growth Fund awards, Enterprise Zones and Growth Hubs. These will be ready for April 2019.

- **Leadership and Organisational Capacity**: Appoint a Deputy Chair and introduce defined term limits for Chairs and Deputy Chairs in line with best practice in the private sector.
  
  ➢ Current private sector best practice would suggest a limit of 8 years.
Leadership and Organisational Capacity: Improve the gender balance and representation of those with protected characteristics on boards with an aim that women make up at least one third of boards by 2020 with an expectation for equal representation by 2023, and ensuring all boards are representative of the businesses and communities they serve.

Although not a specific recommendation, the report also outlines the need for more diverse representation of sectors and geographies including more entrepreneurial and growing start-ups and from the VCSE sector.

- GM LEP currently has 40% female/male balance and has recently improved representation from BME groups. Lou Cordwell is the GM LEP SME representative and there are currently no VCSE board members.

Leadership and Organisational Capacity: Provide a secretariat independent of local government to support the Chair and board in decision making.

- Further clarity is being sought on how this applies to Combined Authorities and Greater Manchester in particular.

Accountability and Performance: Set out clearly and transparently the responsibilities of the Chair, Board, Directors, and Accountable Body, including over spending decisions, appointments, and governance.

Accountability and Performance: Actively participate in relevant local authority scrutiny panel enquiries to ensure effective and appropriate democratic scrutiny of their investment decisions.

- Mike Blackburn, Chair of GM LEP, appeared before the last Economy, Business Growth and Skills Scrutiny meeting on 13th July 2018 to update them on the work of the LEP.

Mayoral Combined Authorities: Require Local Enterprise Partnerships and mayoral Combined Authorities to develop local agreements which clearly set out roles and responsibilities and accountability.

2.5 Additionally, Government will provide up to £20 million of additional funding between 2018-19 and 2019-20 to support Local Enterprise Partnerships to adopt these changes e.g. around £200k per LEP (additional to existing capacity funds).

2.6 It should also be noted that Government has asked Local Enterprise Partnerships, where relevant, to come forward with proposals on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers.

2.7 GM LEP will not be required to review its geography as it was established to be coterminous with GMCA, without overlap with other areas and covering the same footprint which represents the functioning economic geography of Greater Manchester.

3. Local Industrial Strategy Wave 2 and UK Shared Prosperity Fund
3.1 James Brokenshire (Secretary of State for Housing, Communities and Local Government) provided a joint statement with the Business Secretary which confirmed the Government will work with all Mayoral Combined Authorities and LEPs to develop Local Industrial Strategies.

3.2 There will be a phased approach with the next wave to cover the North East, Tees Valley, West of England, Leicester & Leicestershire, Cheshire & Warrington and Heart of the South West.

3.3 Ultimately Government will aim to agree Local Industrial Strategies with all areas of England by early 2020.

3.4 The statement provided further detail on the development of the UK Shared Prosperity Fund with the main points including:

1. **The objective of the UKSPF.** The UKSPF will tackle inequalities between communities by raising productivity, especially in those parts of the country whose economies are furthest behind. The UKSPF will achieve this objective by strengthening the foundations of productivity as set out in the national Industrial Strategy to support people to benefit from economic prosperity.

2. **A simplified, integrated fund.** EU Structural Funds have been difficult to access, and EU regulations have stopped places co-ordinating investments across the foundations of productivity. Simplified administration for the fund will aim to ensure that investments are targeted effectively to align with the challenges faced by places across the country and supported by strong evidence about what works at the local level.

3. **UKSPF in the devolved nations.** The UKSPF will operate across the UK. The Government will respect the devolution settlements in Scotland, Wales and Northern Ireland and will engage the devolved administrations to ensure the fund works for places across the UK.

4. **A national framework in England that works for local priorities.** Local areas in England are being asked to prepare Local Industrial Strategies to prioritise long-term opportunities and challenges to increasing local productivity. This prioritisation will help local areas decide on their approach to maximising the long-term impact of the UKSPF once details of its operation and priorities are announced following the Spending Review.

5. **Consulting the public.** Government intend to consult on the UKSPF this year, as they committed to do in the national Industrial Strategy.

3.5 Furthermore, in 2016 the Government guaranteed funding for UK organisations in receipt of EU funds where projects are agreed before the day the UK leaves the EU. The Government has announced an extension to this guarantee, which will underwrite the UK’s allocation for structural and investment fund projects under this EU Budget period to 2020 in the event of no-deal.

### 4. Timescales and Next Steps

4.1 The LEP Network has written to the Secretary of State and released a statement welcoming the Review which demonstrates a strong commitment to strengthen the role of LEPs, setting out a clear role for business at the heart of
local decisions about economic growth, leading strategic economic policy and investments.

4.2 Government will write to LEP Chairs to communicate the importance of the Review with a requirement to develop an Implementation Plan by 31 October 2018.

4.3 The revised National Local Enterprise Partnership Assurance Framework will be published in the Autumn and provide further clarity so that these changes are included within Local Assurance Frameworks ahead of April 2019.