

# **Cherwell District Council**

## **Executive**

**5 November 2018**

<p><b>Removal of Cherwell District Council (CDC) Geographical Overlap in Relation to Oxfordshire Local Enterprise Partnership (OxLEP) and South East Midlands Local Enterprise Partnership (SEMLEP)</b></p>
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### **Report of Assistant Director – Economy and Regeneration**

This report is public

#### **Purpose of report**

To gain approval from the Executive, following the recent Ministerial Local Enterprise Partnership (LEP) Review (and co-incident with the formal separation between CDC and SNC), that Cherwell District Council (CDC) should leave the South East Midlands Local Enterprise Partnership (SEMLEP) and should only, from 1 April 2019, be part of the Oxfordshire Local Enterprise Partnership (OxLEP).

#### **1.0 Recommendations**

The meeting is recommended to:

- 1.1 Note the contents of this report and key developments relating to the recent Ministerial LEP Review.
- 1.2 Approve leaving SEMLEP by 1 April 2019, hence removing the geographical overlap where CDC is a member of both SEMLEP and OxLEP.
- 1.3 Note that, to assist with the transitional process, the Leader of CDC will remain on the Board of SEMLEP in his capacity as Chair of the Cross Corridor (Oxford-Milton Keynes-Cambridge) Leaders' Group as observer after the April 2019 changes take place.
- 1.4 Note that CDC will continue as a full and active member (with board representation) of OxLEP.

#### **2.0 Introduction**

- 2.1 Over the recent months, there has been a Ministerial Review (the Review) of all 38 of the UK's Local Enterprise Partnerships (LEPs). Members will recall that LEPs (source: LEP Network) are <<business led partnerships (for instance, three-quarters of a LEP board of directors should come from business) between local authorities

and local private businesses. They play a central role in determining local economic priorities and undertaking activities to drive economic growth and job creation, improve infrastructure and raise workforce skills within the local area.>>

- 2.1 The Review called for a number of changes to LEPs, which included the:
  - Removal of geographical overlaps;
  - Consolidation of geographical focus, including consideration of LEP mergers;
  - Improvement of diversity of board membership.
- 2.2 A recent report by the Chief Executive of OxLEP to their Board of Directors (see Appendix One), dated 25 September 2018, discussed all of these issues in detail.
- 2.3 The focus of this report to the CDC Executive will be upon the first of these issues, *the removal of geographical overlaps*.
- 2.4 The call to action from the Review in relation to geography has coincided with (but unrelated to) the local government reorganisation in Northamptonshire, which has also affected CDC.
- 2.5 The background to CDC becoming involved with both OxLEP and SEMLEP is a strategic one and nothing really to do with the CDC/SNC joint working arrangement. When LEPs were created by HM Government back in 2011, the then Secretary of State required that LEP areas should be larger than county boundaries and should, more accurately, reflect the “functional economy”. CDC recognised that the District’s businesses were not solely centred upon Oxfordshire but extended into Warwickshire, Northamptonshire, and Buckinghamshire - and beyond. It was most notable that businesses in the Banbury area (at the time) related strongly with SEMLEP priorities – particularly in advanced engineering and logistics.
- 2.6 Today both LEPs covering Cherwell specialise in different aspects of the economy with some overlap which has led, in recent years, to both LEPs working more closely together – for example in the motorsport and advanced engineering sectors. This is welcomed and reflects the reality initially identified by CDC. There are, however, disadvantages of being in two LEPS including dilution of focus and potential to cause confusion, for example, where partners and businesses decide to make funding applications.
- 2.7 OxLEP believe that the removal of the geographical overlap will improve clarity, focus effort and simplify the support available to all of the businesses in Oxfordshire.
- 2.8 In addition, OxLEP believe that removal of the overlap will not prevent strong cross boundary working especially in relation to the Ox-Cam corridor.

### **3.0 Report Details**

- 3.1 The Review requires, in the future, <<that LEP geographies provide simplicity, accountability and practicality.>> The OxLEP Chief Executive is clear that

Oxfordshire is already a *functional economic area* and he wants to retain that (in preference to merging with other LEPs). His reasons include that fact that:

- OxLEP has been party to achieving some £600m investment since 2012; indicating successful and productive partnership working with mature, clear and functional governance.
- Oxfordshire sits strategically at the interface between the south coast ports and the gateways to the Midlands engine and Northern powerhouse.
- Oxfordshire anchors the western end of the Ox-Cam corridor
- Oxfordshire provides a balance of scale, productivity and global reach – indeed OxLEP claim an impressive 3.9% of economic growth for Oxfordshire, each year, since 2007.
- HM Government has chosen OxLEP (Oxfordshire) to be a trailblazer and invited them to produce a Local Industrial Strategy which compliments and adds significant value to the Placemaking agenda.

3.2 CDC is forecast to have the largest population of all the second-tier authorities in Oxfordshire by 2031 with over 200,000 residents rising by some 38%. This puts Cherwell in a very key position and significant player within Oxfordshire.

3.3 With the aim of eliminating overlaps (which was demanded by the Review), the OxLEP report highlights that only one district overlaps into another LEP area and that is Cherwell (with the overlap manifesting with SEMLEP).

3.4 This overlap, according to the OxLEP Chief Executive, has caused some confusion with the business community and has negatively impacted funding allocations. Furthermore, the removal of the overlap, OxLEP believes, will assist future bids for the UK Shared Prosperity Fund (the funding stream that will be created in the post-Brexit world).

## **4.0 Conclusion and Reasons for Recommendations**

4.1 It is concluded that it would be a good idea for CDC to withdraw from SEMLEP and focus upon their membership of OxLEP. The decision is a sad one but also aligns with the changing circumstances related to local government reorganisation.

4.2 There are a number of potential implications and risks associated with the move which appear to be manageable and it seems the benefits, especially to the local business community outweigh the risks.

## **5.0 Consultation**

There has been, over the past months, extensive consultation amongst all of the parties involved with this development and although all parties see it as a sad situation all are content and aware that this has to happen..

## 6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative option has been identified and rejected for the reasons as set out below.

Option 1: There is one alternative option identified and this is to stay as we are (with CDC remaining a member of both OxLEP and SEMLEP) This is rejected for two reasons: Firstly, the Ministerial Review was looking to eliminate geographical overlaps and there was an incidence of this with Cherwell. Secondly, due to local government reorganisation the joint working and formal link to Northamptonshire has been removed.

## 7.0 Implications

### Financial and Resource Implications

- 7.1 CDC currently contributes £10,000 per annum to SEMLEP; the current contribution is due to expire on 31 March 2019. Therefore, if the recommendation were to be accepted, there would be a cost saving of £10,000 per annum revenue funding and an estimated saving of some 200 officer hours which can be alternatively deployed towards other economic development purposes and priorities.

Comments checked by: Kelly Watson, Assistant Director Finance & Procurement, 0300 0030 206 [Kelly.watson@cherwellandsouthnorthants.gov.uk](mailto:Kelly.watson@cherwellandsouthnorthants.gov.uk)

### Legal Implications

- 7.2 CDC is the first council to leave SEMLEP since its creation. SEMLEP is a company limited by guarantee and CDC is registered with Companies House as a 'member' of SEMLEP. When CDC leaves SEMLEP on 1 April 2019 then SEMLEP will act to strike CDC from the register. Should members agree the recommendations of this report then the Joint Chief Executive of OCC and CDC will write to the Chief Executive of SEMLEP informing her of the Council's decision to withdraw from SEMLEP and then the necessary arrangements will be put in place.

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### Risk Implications

- 7.3 Cherwell's voice would not be heard in the SEMLEP area as it has done in the past. **Mitigation:** it is proposed that the Leader of CDC (to, amongst other things, assist with the transitional process), will remain on the Board of SEMLEP in his capacity as Chair of the Cross Corridor (Oxford-Milton Keynes-Cambridge) Cross Corridor Leaders' Group as observer after the April 2019 changes take place this  
Cherwell businesses may not get access to SEMLEP funding streams. **Mitigation:** it is not known whether Cherwell businesses have benefitted as fully with the OxLEP/SEMLEP relationship as they might, in any case, OxLEP claim that it may have caused some confusion so simplification and clarity of focus may, in fact, be of benefit to Cherwell businesses.

Cherwell's influence in the Ox-Cam corridor work might well reduce. **Mitigation:** there is no evidence of this and the OxLEP Chief Executive in his report has provided reassurance that OxLEP will continue to play a leading part in this work and allied to this the Leader of CDC is the Chair of the Cross Corridor Leaders Group.

These risks will be managed as part of the operational risk register and escalated as and when necessary to the Leadership risk register.

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## 8.0 Decision Information

### Key Decision

**Financial Threshold Met:** No

**Community Impact Threshold Met:** Yes

### Wards Affected:

All

### Links to Corporate Plan and Policy Framework

This report directly links to all three themes of the Joint Corporate Strategy 2018-19:

- District of Opportunity & Growth
- Protected, Green & Clean
- Thriving Communities & Wellbeing

### Lead Councillor

Councillor Lynn Pratt, Lead Member for Economy, Regeneration and Property

### Document Information

Appendix No	Title
One	Report: LEP Review – Geographical strength, overlap removal and review compliance. A report by the Chief Executive of OxLEP to their Board dated 25 September 2018.
Background Papers	
None	
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