

<u>Subject:</u> LEP Review – Geographic Strength, Overlap Removal and Review Compliance	
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1.) Summary

Overview of report:

To provide the Board with an overview of the Ministerial LEP Review, its requirements, impact and issues we need to address which include the removal of geographic overlaps, consolidating our geographic focus and addressing the diversity of our Board. The paper is intended to inform our response to the LEP Review; specifically, in the following areas:

- To agree the timing and process to remove the SEMLEP overlap, and take a view on governments challenge associated with LEP Functional Economic geography by the 28th September Annex 1;
- To note the need to agree an implementation plan to meet the requirements of the LEP Review attached by the 31st October 2018.

2.) Recommendation

That the Board:

- **Note the Report and Implications**
- **Approves the proposed submission and detailed programme for removal of the geographic overlap with SEMLEP detailed at Annex 1 by 28th Sept 2018 and;**
- **Notes the need to agree by written procedures the Implementation Plan for submission by 31st October 2018 – Template as detailed at Annex 2**

3.) Context

The LEP Review states that, “To be fit for purpose as their roles and responsibilities are expanded once again, we need to ensure that LEP geographies provide simplicity, accountability and practicability. It is therefore the right time to revisit geographic boundaries. We must ensure that decision-making and delivery operate at the most appropriate geographical levels that maximise efficiency and effectiveness and we would expect any consideration of geographical changes to consider the most effective size and scale to operate over.”

It goes on to acknowledge, “there is no universally accepted approach to measuring or defining functional economic areas and boundaries vary depending on the method used.”

In the Review, government asks LEPs and local stakeholders “to come forward with considered proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers.”

It concludes by stating that, “future capacity funding will be contingent on successfully achieving this.”

The Review makes clear that LEPs should collaborate, “where interests are aligned...to maximize impact across their different objectives. This helps to ensure a more efficient use of resources and secure a better outcome than operating in isolation.”

4.) Information – Overlaps and Operational Geography

Our functional economic area/geography is coterminous with our Local Authority and County boundaries, reinforced by strategic relationships at both Board and Growth Board levels; reflecting the strength of commitment to the County. However, the historic overlapping Cherwell District Council geography with SEMLEP causes confusion particularly in the context of providing support to our business community. The overlap has negatively impacted our funding allocations and threatens future negotiations in respect of the UK Shared Prosperity Fund if the overlap were to remain. It is clear government wants to work with functional economic areas in investing future UK Shared Prosperity Fund (UKSPF), Oxfordshire provides a balance of scale, productivity and global reach to maximise this approach.

The removal of this overlap therefore will improve clarity, focus effort and *simplify* the support available to all businesses in the County. This will not prevent strong cross boundary working which is already well established and collaboration in respect of future programme funding or strategic partnership engagement such as our role in the EEH Strategic Transport Body. We have a strong functional economic geography, underpinning over £600m of investment secured since 2012 by working as a County wide partnership with mature, clear and functional governance.

We sit strategically at the interface between the South Coast Ports and the Gateway to the Midlands (onwards to the North of England) Via the A34 Corridor, anchoring the western end of the Ox-Cam Corridor. This provides us with a significant advantage when preparing our Local Industrial Strategy and in bringing forward proposals to meet the ambitious growth targets set in NIC Ox-Cam Corridor Report presented to government in Autumn 2017. We have already initiated cross corridor work in respect of the Industrial Strategy response which compliments and adds value to the “place based” Local Industrial Strategies.

We are home to a fast-growing population of 688k people, a figure which is forecast to grow by 27% to circa 875k by 2031.

District	2016	2031	Population Change	% change
Cherwell	148,200	203,900	55,800	38% ↑
Oxford	161,400	172,000	10,500	7% ↑
South	139,600	181,500	41,800	30% ↑
Vale	129,400	178,900	49,600	38% ↑
West	109,300	138,100	28,800	26% ↑
OXFORDSHIRE	687,900	874,400	186,500	27% ↑

We have already generated **41,000 nett new FTE jobs** across the County in the period 2012-17 almost 50% of our SEP/SHMA target (85,600 FTE Jobs) for the period to 2031. 80% of the circa 400k jobs in Oxfordshire are in the private sector and our labour market boasts specialisms in Space, Automotive, life sciences, advanced engineering and digital sectors. Indeed, private sector jobs also account for 79% of the area's total **GVA** which was **£23bn** in 2016 and growing. This reflects an impressive average increase of **3.9%/annum since 2007**.

Our Transformative Technologies Science & Innovation Audit (SIA) developed in collaboration with partners across the Thames Valle, Oxford- Cambridge Corridor and the North East highlights our key global strengths in Digital Health, Space-led Data Applications, Autonomous Vehicles and Technologies underpinning Quantum Computing. Collectively these have the potential to generate £180m GVA for the local and UK economy. We are well placed to respond to the Industrial Strategy's Grand Challenges as a Trailblazer area.

Examples of our collective economic success to date include:

City Deal, Pinch Point, LGF, ESIF, HIF, Housing and Growth Deal Programmes - £600m+

Over 40,000 net new Jobs created since 2012

Support to our 31,000 VAT Registered Businesses (SME's) via our integrated Growth Hub (Elevate and Escalate Programmes)

Integrated Skills, Work Experience and apprenticeship Programmes through a Skills Hub

Record Inward Investment success in 2017-18

LIS Trailblazer Status

This prompts a question; **Why consider mergers or change our economic geography?** Cleaning up the overlap with SEMLEP makes operational sense from a business perspective and importantly removes confusion over boundaries and responsibilities but mergers or Boundary changes make little sense.

But the need for changing our geographic footprint, or considering merges with other LEPs is less clear; What issue would we be trying to address? Focusing upon strengthening our delivery capability and building upon an effective and proven team is the right approach; supporting local Businesses, encouraging increased regional and national engagement will be key to improving productivity, economic growth and competitiveness in an increasingly global market place.

4.1) Oxfordshire LEP: Simple, Deliverable (practicable) & Accountable – Operating in a Functional Economic Area (FEA)

We have built upon strong foundations laid though our Strategic Economic Plan 2014 and refresh in 2016 which set out a compelling case for investment into the Oxfordshire having explored the functional relationships with neighbouring LEP areas. The SEP built upon quantitative and qualitative analysis, based upon our functional markets, these complement our operational relationships irrespective of administrative geographies such as High-Performance Technologies, Life Sciences and Space related technologies all of which embrace cross LEP collaboration and delivery. This clarity and **functional simplicity** has seen us deliver economic growth consistently since 2012 (3.9% increase in GVA annually over the period to 2016).

We already operate successfully in 4 broad markets, Local (FEA), Regional (Ox-Cam Corridor, GTV, Motorsport Valley) Nationally (Lifesciences, Automotive/Advanced Engineering clusters etc.) and indeed Globally (Space and Satellite, Digital Health, CAV and Quantum Computing). Our functional economic geography has allowed us to work at pace and with the full commitment of partners at all levels.

Forced changes to this geography would severely impact on our delivery programme, projects pipeline, LIS and associated economic contribution to UK Plc at a time where instability at a national government level requires "places" to play their part in delivering now, we do not need unnecessary

change and disruption. When considering the LEP Review challenges therefore we offer a coherent economic geography with a strategy which aligns closely with operational programmes, functional markets and supports our business community in place. This demonstrates our ability to work collaboratively while meeting our **performance targets and delivering** at pace, a **practicable** delivery focused *approach*.

A further LEP Review criterion, **accountability**, is met through both our functional geography and clear governance based upon coterminous boundaries with the County. No complexity or confusion in respect of overlaps and functional relationships. This strong accountability and governance is exemplified in our Board and Growth Board relationships, which are mature, transparent and operationally effective. We have demonstrated this strength of collaboration on many occasions, with the benefit of external/internal scrutiny and growth board oversight. The latest example being the successful negotiation and agreement of the Oxfordshire Housing and Growth Deal allowing us (“the partnership”) to promote economic growth and productivity alongside Place making/Joint spatial Plan/housing and Connectivity through a Joint Strategic Infrastructure Strategy. These three strategic priorities underpin our collective long-term growth agenda, built to complement and respond to national policy associated with “place making”; community at the heart of our future prosperity.

4.2) Board Governance and Diversity

The LEP review and Ministers are explicit in their views on the leadership, diversity and transparency of Boards. We already meet the transparency and Nolan principles of Board recruitment, we have a Chair, Deputy and Vice Chair roles to ensure continuity and strong connections with the Growth Board. Therefore, our attention is focused upon meeting the gender balance requirements, to help us meet this ambition we will also seek clarification as to the classification of University/College Directors vis-à-vis “private sector” status. We are already compliant with the transparency requirements of the previously published Mary Ney review.

The Ministerial LEP review sets out the following specific Board Governance requirements:

Government expects that each Local Enterprise Partnership **consults widely and transparently with the business community before appointing a new Chair**, and **appoints a Deputy Chair**. In line with best practice in the private sector, Local Enterprise Partnerships will want to **introduce defined term limits for Chairs and Deputy Chairs** where these are not currently in place.

*Government’s aspiration is that Local Enterprise Partnerships work towards strengthening the representation from the private sector, increasing **representatives from the private sector so that they form at least two thirds of the board**, to ensure that each Local Enterprise Partnership can truly be said to be business-led. In order to maintain focused board direction and input, Government will work with Local Enterprise Partnerships to establish a **maximum permanent board of 20 people**, with the option to co-opt an additional five board members with specialist knowledge on a one-year basis.*

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 Local Enterprise Partnership boards by 2020 with an expectation for equal representation by 2023, and ensuring all Local Enterprise Partnership boards are representative of the businesses and communities they serve.

As a step towards achieving this, we will replicate the target set in the Hampton-Alexander Review for FTSE 350 boards; Local Enterprise Partnerships should aim for a minimum of a third women’s representation on their boards by 2020.

The table below sets out the status of Board Directors noting the impact of political leadership changes during the year and planned board succession recruitment. It is worth noting that all

directors appointed to the board other than Local Authority Leaders and organisationally nominated roles are appointed on a 3-year term with an option to extend for a maximum period of 2 years to support operational continuity.

The current membership does not meet the interim (March 2020) or long term (March 2023) requirements of the LEP review and we will need to consider how we plan to meet the diversity requirements set. It is worth reflecting that the review guidance makes it clear that future funding is contingent on meeting fully the LEP review requirements of which this is just one. Interestingly our core funding only runs to March 2020, therefore does this signal future LEP funding may be extended up to or beyond the life of the current parliament?

How might we achieve the ambitious diversity/gender targets set by Ministers:

- Firstly, clarify the impact of political appointments on the Boards diversity, we cannot control or influence (nor should we) the political leadership of Councils, therefore we should agree with government to “exclude” this category of membership from the requirement.
- Secondly both FE and HE representation is by organisational nomination; could we influence nominations or perhaps exclude this group from the requirement also?
- Finally, should we positively discriminate in future recruitment of Board Directors to meet the gender balance required?

The Boards views on this approach would be appreciated, we are already in a strong position having proactively sought to improve our gender balance to date. Going forward if we take a pragmatic view that 11 Directors (Non-Exec) are “private” by definition, then we would need to work towards having 5 or 6 female private sector Board Directors by 2023. By sheer co-incidence the recent political leadership changes have helped to improve our overall gender balance across the Board (5 of 17 currently). However, should this requirement relate specifically to private sector defined roles we fall some way short of the 2020 requirement currently.

Current status and timing of Board Directors

	APPOINTED	REPLACED BY	3 YEARS UP
M BARBER (22/05/18)	12/05/2015	Roger Cox	LA Leader (May 2018)
R BRADLEY (31/03/18)	12/05/2015	Miranda Markham	01/04/2018
J COTTON (12/04/18)	12/05/2015	Jane Murphy	LA Leader (April 2018)
S DICKETTS (31/04/18)	12/05/2015	Di Batchelor	04/04/2018 FE Rep
A FITT	12/05/2015		Oxford Brookes Nomination
A HARRISON (31/04/18)	12/05/2015	Angus Horner	12/06/2018 Science Vale
I HUDSPETH	12/05/2015		LA Leader
A LOCKWOOD	12/05/2015		Skills Board Business Nom
J LONG	08/03/2016		07/03/2019 Business Rep
J MILLS	10/06/2016		LA Leader
B PRICE (31/03/18)	12/05/2015	Susan Brown	LA Leader (May 2018)
P RINTA-SUKSI	05/09/2016		04/09/2019 Business Rep
P SHADBOLT	12/05/2015		11/05/2020* BV Nom
P SOUTHALL	05/09/2016		04/09/2019 Business Rep
N TIPPLE	30/06/2013		N/A
R VENABLES (31/03/18)	12/05/2015	Peter Nolan	09/04/2018 City Nom
I WALMSLEY (31/08/18)	12/05/2015	TBC	UNI of Oxford Nomination
B WOOD	12/05/2015		LA Leader

*Term extended for a maximum period of up to 2 years from 12/05/2018

Local Authority Nominated Role – Not time limited
University/College Nominated Role – Not time limited
NED’s Representatives – NED Term Appointments (3 +2)

It would seem sensible to set out the future timetable and consider Board retirement cycles in our succession planning and implementation plan, thereby demonstrating we are working towards meeting the ambitious targets set out in the Review. This review will be overseen by the Nominations and Personnel Committee to ensure consistency with our existing recruitment process.

5.) Next steps

In response to the review timetable detailed above we have sought to initiate a two-phase response to meet the timetables. The Geographical overlap affects Cherwell District only, they are currently part of both ourselves and SEMLEP despite sitting wholly in Oxfordshire. This reflects a position where the economic geography of the Cherwell area has strong links to South Northamptonshire and of course Oxfordshire and now across the Oxford- Milton Keynes- Cambridge Growth Corridor.

Cllr Wood, Leader of Cherwell DC, recently joined the SEMLEP Board as a NED as well as sitting on a number of SEMLEP Committees. Following the publication of the LEP Review and in consultation with both LEP’s, Cllr Wood has indicated that he would like to move towards a position where Cherwell DC is only a part of OxLEP, thereby removing the overlap. This proposal will be taken to Cherwell’s Executive Committee on 5th November for ratification. It is proposed that Cherwell will formally leave SEMLEP on 1st April 2019, the date when South Northamptonshire and Cherwell District Councils will separate following the recent Northamptonshire Unitary decision. The detailed programme is detailed in Annex 1.

The SEMLEP Board considered this proposal at their meeting on 19th September. Changes to the Articles of Association will be needed in order to effect the change of membership of SEMLEP. These would be proposed to the AGM on 8th November.

We will continue to work closely together, particularly in the context of the Oxford- Milton Keynes- Cambridge Growth Corridor. To assist with the transitional process, it is proposed that Cllr Wood, as Chair of the Cross Corridor Leaders’ Group (not as Leader of CDC) would be invited to stay on the Board as an Observer only after April 2019 changes take effect

We are progressing discussions with respective team and the Leader of the Council to agree the timetable for confirming the change, this information will form part of the response to government required by the 28th September.

The second stage of this process is the development of an Implementation Plan by the 31st October 2018. This will set out how we respond to each of the Review requirements setting out where we are already compliant or putting measures in place to respond. The table below sets out our approach to ensure compliance with the Review.

LEP Review	Status	Compliance	Action
Roles and Responsibilities	Compliant	Development of a LIS – Trailblazer status	Ongoing – Sign off expected March 2019 Board
	Compliant	3 year Business Plan/Annual Operating Plan 2016 – 2019 in Place	Board sign off March 2019 - Refreshed Business Plan 2019 - 22

Leadership and Organisational Capacity	Compliant	Nolan compliant recruitment with term appointment for all NED's.	None
	Compliant	Our Board is less than 20 NEDs already.	None
	Not currently compliant	Currently 5 of 17 Female NED's.	Review and implementation Plan update Sept 2018
Accountability and Performance	Compliant	Legal Personality	None
	Compliant	Responsibilities of Chair/CEO/Board/ Accountable Body	None
	Compliant	Scrutiny Engagement	None
	Compliant	AGM to be held in Public	None
Geography – Overlaps	Work in Progress	Removal of the Cherwell Overlap with SEMLEP	Paper to Board 25 th September for agreement before submission
	Compliant but exploring new options	Cross Boundary collaboration and working - Ox-Cam, GTV, Motorsport Valley, UK Space Gateway, MIPIM UK	Ongoing best practice development eg: Ox-Cam Corridor LIS
Mayoral Combined Authorities	Not Applicable	Not Applicable	None

6.) Conclusion

Overall the LEP Review is a positive step in confirming the valuable role played by the network of LEP's Nationally and specifically here in Oxfordshire.

We remain fully committed to working with government to meet the Ministerial Review recommendations where we are not already compliant; noting the need to clarify the Board membership requirements to take account of the Local Authority, University and College nominations to Board.