

Executive

Local Enterprise Partnership (LEP)

6 September 2010

Report of Chief Executive and Strategic Director, Planning, Housing & Economy

PURPOSE OF REPORT

To understand the implications of the Government's proposals to create Local Enterprise Partnerships (LEP) and to seek approval for Cherwell District to be included in the submissions being made to the Secretary of State by two prospective LEPs.

This report is public

Recommendations

The Executive is recommended:

- (1) To support the inclusion of Cherwell District in both the Oxfordshire City Region Enterprise Partnership and the South East Midlands Enterprise Partnership as they are submitted to the Secretary of State for Communities & Local Government for consideration.
- (2) To request a further report when the Secretary of State for Communities & Local Government responds to all the LEP submissions he has received and when he provides final information on any rules which might be put in place which would prevent Cherwell District being part of two LEPs simultaneously (should the Secretary of State accept both the Oxfordshire City Region and South East Midlands LEP bids).

Executive Summary

Introduction

- 1.1 The Coalition Government has announced its intention to abolish Regional Development Agencies (including the South East England Development Agency (SEEDA)) and enable the setting up of "local enterprise partnerships". The role of Local Enterprise Partnerships (LEPs) is to provide strategic leadership within their areas and set out local economic priorities. The Government has asked local business and civic leaders to put forward proposals for new LEPs by 6 September 2010.

Proposals

- 1.2 Since the announcement of the creation of LEPs, business and civic leaders have been considering the functional economic geography of areas and working together to develop alternative models for how LEPs may look.
- 1.3 This Council has been involved in the development of two LEP proposals. One of these is a county-wide Oxfordshire LEP (called the Oxfordshire City Region Enterprise Partnership) and the other is a wider "South East Midlands" Enterprise Partnership centred upon four unitary authorities; Milton Keynes, Bedford, Central Bedfordshire and Luton and a number of other districts including Aylesbury Vale and potentially a number of the Northamptonshire districts.
- 1.4 The Background Information section of this report discusses the role of LEPs more fully, and details the two LEP proposals.
- 1.5 The whole process of proposing LEPs is taking place in a very short timescale and there has been only limited guidance from Government as to the "rules" and conventions that will guide ministers as they consider LEP proposals. It is not yet clear if local authorities will be expected to sit within a single LEP or whether, where circumstances suggest it is appropriate, they will be able to be a member of two. It remains possible that Executive members will have to choose between the two at a later date if both are accepted by the Secretary of State for Communities and Local Government and if such a rule applies.

Conclusion

- 1.6 There is no single model for an LEP that is uniquely suited to Cherwell District. For the time being it is considered right to pursue membership of two and to review the situation once more is known from the Secretary of State.

Background Information

Background to Local Enterprise Partnerships

- 2.1 In the Queen's Speech on 25 May, the Queen announced the Government's intention to abolish Regional Development Agencies and enable the setting up of "local enterprise partnerships". This is part of the Coalition Government's stated commitment to reform the existing system of sub-national economic development by enabling councils and businesses to replace the existing Regional Development Agencies (RDA).
- 2.2 Further to this announcement, on 29 June, Vince Cable MP (Secretary of State for Business Innovation & Skills) and Eric Pickles MP (Secretary of State for Communities & Local Government) wrote to all local authorities and business leaders to announce their intention to establish "Local Enterprise Partnerships" and provide some details of how this would happen. The Government is of the view that some of the existing functions of RDAs (including inward investment and access to finance) are best led nationally. It wishes, however, to see Local Enterprise Partnerships (LEPs) set up to provide strategic leadership in local areas and set out local economic priorities.
- 2.3 The Government sees LEPs as having the following form and functions:-
 - Their role will be to create the right environment for business and growth in their areas by tackling issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise.
 - They must be effective partnerships between local businesses and civic leaders. It is envisaged that each LEP will have a Board, and this will be chaired by a business leader.
 - In terms of size, partnerships should reflect the functional economic geography of an areas rather than existing local or regional boundaries. The Government specifically refers to LEPs including "*groups of upper tier authorities*" suggesting that these could or should be larger than a single county area. More recently, informal advice has been received to the effect that it would be reasonable for a county area to be covered by more than one LEP, but that each local authority would be part of just one LEP. However, it is not yet clear how this may or may not translate into formal guidance.
- 2.4 The timetable for local areas to consider all of these matters, and make proposals for LEPs is tight. The deadline that has been set for the receipt of outline proposals is today (6 September).

A Local Enterprise Partnership to include Cherwell District

- 2.5 Since the Queen's Speech, and more particularly since the letter of 29 June, there has been considerable activity as local authorities, business leaders and other key stakeholders have met to consider how best to respond to the Government's proposals. A number of different LEP models have been suggested which will impact on Cherwell District.

An Oxfordshire LEP

- 2.6 Oxfordshire County Council has been leading work on preparing a proposal for a county-wide LEP. The proposal is for a “Oxfordshire City Region Enterprise Partnership” which would work to build upon the existing strengths of the county including:-
- The world class universities of Oxford, Oxford Brookes and the UK Defence Academy at Shrivenham
 - The research centres at Oxford, Begbroke, Harwell and Culham
 - Clusters of key industries include motor sport, publishing and bio-tech companies.
 - The eco-town at Bicester
 - The heritage assets of the county.
- 2.7 The Oxfordshire City Region Enterprise Partnership will work to promote the economic offer of the LEP area, work to attract inward investment, seek to influence the supply side of the skills agenda and identify specific instances where businesses need support to fill gaps once SEEDA has gone.
- 2.8 The latest available version of this proposal is attached at Appendix 1.

A South East Midlands LEP

- 2.9 A further proposal for an LEP is being developed by some members of the Milton Keynes South Midlands Partnership. Milton Keynes South Midlands (MKSM) is the name of the Growth Area which crosses three regions in the centre of England. It is the largest Growth Area in the UK with plans to deliver over 225,000 new homes and over 200,000 new jobs by 2021. Formed in 2004 the Partnership aims to bring together the local, regional and national tiers of Government along with key infrastructure providers to plan the strategic delivery of sustainable growth across the area.
- 2.10 It includes local authority areas in three counties (Buckinghamshire, Bedfordshire and Northamptonshire), including South Northamptonshire District Council and Aylesbury Vale District Council, both of which border Cherwell. The MKSM Partnership is proposing to establish an LEP which would include at its core the four unitary authorities of Milton Keynes, Bedford Borough, Central Bedfordshire and Luton with an “open door” for any surrounding authority to join. This has been notionally called the “South East Midlands LEP”.
- 2.11 This LEP seeks to build upon its local strengths and opportunities including its:-
- International reputation as a prime business location
 - Global connectivity and excellent road, rail and air links
 - Place on the Oxford to Cambridge high technology arc

- Network of respected and engaged Higher Education institutions
 - Expertise in low-carbon design and innovative approaches to growth
- 2.12 It is seeking to champion innovation and growth in business services, high performance engineering, tourism, logistics, sustainable construction, creative industries and health and wellbeing.
- 2.13 One reservation about the current SE Midlands proposal is the suggestion that it might operate as a coordinating partnership on funding priorities in the planning, housing and transport field. This appears problematic in terms of accountability and governance, particularly given the level of business involvement proposed for LEPs. However this issue will be a matter for any LEP to consider as the “rules” are clarified by Government.
- 2.14 The latest available version of this proposal is attached at Appendix 2.
- 2.15 Cherwell District Council has been invited to join this LEP. The proposal offers a number of key opportunities from which Cherwell District would benefit.
- It recognises that large parts of Cherwell District relate strongly in functional economic and planning terms to the areas east of the district. This direction of partnership also fits well with the proposal for a shared management team currently under discussion with South Northamptonshire Council.
 - It also recognises the clear economic linkages which Cherwell has outside of the district and Oxfordshire, including within the motorsport and automotive technology and food processing and distribution sectors.
 - There are greater general commonalities on economic and housing growth priorities between Cherwell and other SE Midlands authorities than there are with southern Oxfordshire and the Thames Valley, which tends to be more concerned with environmental constraint and a planning policy response of growth “restraint”.
 - There are important opportunities to link with expertise elsewhere within the South East Midlands area in areas such as low-carbon design and innovative approaches to growth. This may have benefits particularly in terms of the eco-town and growth at Bicester.
 - It would appear to meet the Government’s desire that LEPs should be sufficiently large and strategic, including more than one upper tier local authority.

A Thames Valley LEP

- 2.16 While officers of this Council have played a part in the development of the thinking around the Oxfordshire and South East Midlands LEPs, they have had no involvement in the development of a proposal for a Thames Valley LEP which is being led by the Thames Valley Chamber of Commerce. Cherwell District would sit on a far-flung edge of any Thames Valley LEP, just as we have done with the South East region. Officers have not been pursuing any involvement in this LEP as we cannot see any value in doing so.

Which LEP for Cherwell?

- 2.17 There is no perfect economic geography that would suggest that one LEP proposal is uniquely suitable for Cherwell. There is no emerging LEP which would have Cherwell District at its heart, and therefore we are likely to be on the edge of a larger LEP which would include much larger centres of population and jobs. The South East Midlands LEP proposal, for example, potentially could cover a population of 1.5 million and 62,000 businesses with a Gross Value Added (a measure of economic output) of £33 billion.
- 2.18 A key question for Cherwell is therefore which of these wider LEPs is likely (a) to meet the needs of people and businesses in the district and (b) to be able to have the influence at a wider (national) level in how it can champion an area and attract investment and appropriate and targeted growth.
- 2.19 In light of the above, the following comments can be made:-
- It is important that whichever LEP Cherwell joins, we are able to find partnership on the key areas where our economy needs support and those areas we wish to grow. For example, it will be important any LEP can help us consider how best to maximise the benefits of the eco-town status of Bicester and some of our key employment sectors.
 - Whilst the Oxfordshire City Region Enterprise Partnership and the South East Midlands LEP proposals are discrete, it is not the case that there would be no connection between them if both are eventually created. The South East Midlands LEP, for example, recognises its location of the Oxford to Cambridge high technology arc as one of its local strengths and key opportunities.
- 2.20 Businesses in Cherwell District are being asked for their views by both prospective LEPs and the Government have said that businesses' views on the functional economic area in which they operate will be very important. Given this activity we have written to a wide range of our local businesses to explain our position of pursuing membership of both and alerting them to the fact that we may have to choose to belong to just one in the event that this is established as the rule.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The key issue before the Executive is therefore whether the Council should pursue membership of both the Oxfordshire City Region Enterprise Partnership and South East Midlands Enterprise Partnership at this point. The above section sets out the factors and considerations that may influence this decision.

The following options have been identified. The approach in the recommendations is believed to be the best way forward

- Option One** To support the recommendation and pursue membership of both the Oxfordshire City Region and South East Midlands LEPs.

- Option Two** To not support the recommendation but to pursue membership of either the Oxfordshire City Region LEP or the South East Midlands LEP.
- Option Three** To not support the recommendation and not to pursue membership of either LEP.

Consultations

- Business community** Several business community and business leader consultation meetings have taken place.
- Local authorities** Local authorities have also met extensively through existing partnership arrangements.

Implications

- Financial:** Costs of LEP Membership are not yet known; but the arrangements are intended to be, and need to be, financially “lean”. This issue will need careful consideration as proposals develop.
Comments checked by Eric Meadows, Service Accountant for PHE, 01295 221522
- Legal:** The partnerships proposed appear, on current information, to be informal. There are therefore no legal concerns. Governance will need careful consideration as these issues develop.
Comments checked by Liz Howlett, Head of Legal & Democratic, 01295 221686
- Risk Management:** There are numerous uncertainties and risk in respect of the final decision on the best LEP to join. These are noted in the report. However the over riding risk is that Cherwell does not get its voice heard because it ends up in the wrong partnership.
Comments checked by Rosemary Watts, Risk Management & Insurance Officer, 01295 221566

Wards Affected

All

Corporate Plan Themes

Cherwell, A District of Opportunity

Executive Portfolio

Councillor Norman Bolster
Portfolio Holder for Economic Development & Estates

Document Information

Appendix No	Title
Appendix 1	Draft Oxfordshire LEP Bid
Appendix 2	Draft South East Midlands LEP Bid
Background Papers	
Letter from Vince Cable MP (Secretary of State for Business Innovation & Skills) and Eric Pickles MP (Secretary of State for Communities & Local Government) wrote to all local authorities and business leaders, 29 June 2010	
Report Author	John Hoad, Strategic Director (Planning, Housing & Economy) Philip Clarke, Head of Planning Policy & Economic Development
Contact Information	01295 227980 john.hoad@cherwell-dc.gov.uk 01295 221840 philip.clarke@Cherwell-dc.gov.uk