

**SOUTH EAST ENGLAND COUNCILS
EXECUTIVE COMMITTEE MEETING**



Date: 18 February 2011

Subject: **Local Enterprise Partnerships and Regional Growth Fund**

Report by: Nick Woolfenden, SEEC Head of Policy Coordination

Recommendation:

That SEEC members note and discuss progress on Local Enterprise Partnerships (LEPs) and the Regional Growth Fund and agree:

- i. Key issues on which SEEC should explore joint working with LEPs to maximise collective impact, for example lobbying and data analysis/interpretation;
- ii. To invite the Chairs of all LEPs, wholly or partly in the South East, to a joint meeting with SEEC Executive members to discuss possible joint activities;
- iii. That SEEC's Chairman continues to press the South East's case for access to the Regional Growth Fund, specifically that he
 - writes to Government recommending improvements to the data being used to assess bids, and
 - writes to Ministers and South East MPs highlighting key findings from SEEC's recent report on deprivation in South East England.

1. Background

Local Enterprise Partnerships

- 1.1 As discussed at the November SEEC full member meeting¹, the Government endorsed proposals from local partners to set up 24 Local Enterprise Partnerships (LEPs) at the end of October 2010². Six of these are either wholly or partly in South East England. Six further LEPs have since been announced by Government, with one of these - Enterprise M3 – falling in the South East. This was endorsed by Government on 10 February following a revised expression of interest from local partners before Christmas.
- 1.2 A list of all the approved LEPs is included as Annex 1 for information, with those in the South East shown in bold. LEPs now cover over 70% of population and 60% of businesses in England. We understand the Government is willing to consider further propositions from local partners, although it still maintains that complete coverage of England is not expected.

¹ <http://www.secouncils.gov.uk/page/5/detail/51/2010/single/51/seec-all-member-meeting>

² <http://www.bis.gov.uk/news/topstories/2010/Oct/local-growth>

- 1.3 We understand that the Prime Minister is planning a national LEP Forum this spring with LEP Chairmen, but this may not include local government representation - although local authorities will be key partners in LEPs alongside businesses and other partners, the Government's expectation is that they will be chaired by the business sector.

Regional Growth Fund

- 1.4 The Government launched the £1.4bn, three year, Regional Growth Fund (RGF) in October as a key part of its new approach to promoting economic success³ – the main aims being to drive private sector growth, with specific emphasis on supporting transition for those areas currently dependent on the public sector.
- 1.5 The first round of the RGF closed on 21 January 2011. It is understood around 450 bids were submitted by a range of businesses and public-private sector partnerships across England. Bids are estimated to total some £2bn - demand therefore vastly outstrips available funds, which are some £250m under this first round. The Government aims to announce successful bids within 50 working days of the closing date ie early April.
- 1.6 Information on the number, scale and focus of bids in the South East is not available at the time of writing. We have asked BIS for a summary of bids and will share this and news on the outcomes of round one with SEEC members when available.
- 1.7 Of concern to partners in the South East have been public comments from the RGF independent advisory panel's deputy chair Sir Ian Wrigglesworth. Prior to the close of round one, he seemingly ruled out successful bids from the South East saying they would fail to meet the RGF's core aims. SEEC has challenged this⁴, achieving national press coverage in Planning Magazine, LGA First Magazine and Insider News online emphasising the diversity of the South East – as well economic success, we also have high absolute levels of public sector dependency and deprivation. A follow-up letter from our Chairman was also published in Local Government Chronicle and awarded letter of the week.
- 1.8 A second round of bidding is expected to open during February. The Government has also recently announced the outcomes of its consultation on the future of the European Regional Development Fund (ERDF), confirming that it will encourage bids that link RGF and ERDF as match-funding for each other.

³ <http://www.bis.gov.uk/policies/economic-development/regional-growth-fund>

⁴ <http://www.secouncils.gov.uk/page/6/view/36/single/69/south-east-needs-fair-rgf-funding>

2. Key Issues for Discussion

2.1 There are two key issues for SEEC to consider in relation to LEPs and the RGF:

- What relationship SEEC should build with the LEPs; and
- How to ensure the South East has fair opportunities to access the RGF.

Building relationship between SEEC and LEPs

2.2 Individual LEPs are still very much in the process of development. None the less, SEEC should now give further consideration to how it might effectively engage with the LEPs - in particular to share intelligence, maximise the impact of our collective work and lobby effectively for national resources to address needs in the South East.

2.3 Last year SEEC submitted a proposal to Government, alongside the initial LEP bids, for 'Enterprise Network South East'. This focused on providing underpinning support for South East LEPs. However although the principle was welcomed by Government, it was not willing to consider funding it. Without core funding it will not be possible to fund the skills and economic development shared posts included in the original proposal.

2.4 However there still appear to be benefits to developing close working between SEEC and LEPs. We therefore propose SEEC initiates a meeting, to take place following the May local elections, between the SEEC Executive and the Chairs of all the LEPs wholly or partly in the South East.

2.5 This meeting will provide an opportunity to explore possible future joint activity that would increase the strength of the South East's voice nationally, as well as achieving effective use of resources and reducing duplication of effort. We seek SEEC members' views on key areas for discussion with the LEPs at this meeting. Initial suggestions include:

- Lobbying to Government to make the case for funding to support needs in the South East, competing effectively against other parts of the country.
- Effective interpretation and sharing of data/evidence, for example each LEP having a lead specialism and sharing this with others.
- Consistent articulation of key local government issues to private sector LEP chairs.
- Potential for joint working between LEPs and those areas outside LEPs.
- How best for SEEC/LEPs to engage in the future, and other key partners to involve.

2.6 Ministers have also said they will be launching a LEP capacity fund during the spring. This is expected to be a total of £1m a year for four years. It is likely to be open only to approved LEPs and funds will

support capacity building, identifying high level priorities and barriers to growth, but not running costs. It will probably be competitive and need to be match funded. It would therefore be prudent to consider whether there is potential for SEEC to work with LEPs to identify opportunities to pool this with other resources to achieve greater economies of scale and impact.

Regional Growth Fund

- 2.7 There have been two key areas of concern for South East local authorities and RGF bidders which SEEC's Chairman has tackled over the last two months.
- 2.8 The first is the absence of a Department for Business, Innovation & Skills (BIS) RGF 'roadshow' in the South East to provide information to potential bidders. Although an event was announced by BIS at very short notice in early 2011, this was cancelled by BIS with less than two days notice. The Chairman wrote to BIS Minister Vince Cable expressing concern that this may impact on success of bids from the South East. Business and Enterprise Minister Mark Prisk has recently responded apologising for the cancellation, offering officials to attend local meetings if requested. However it looks unlikely that a South East roadshow will be run by BIS.
- 2.9 The second area of concern relates to potentially prejudicial comments from the independent advisory panel's deputy chair, as explained in paragraph 1.7. SEEC's Data Dashboard Task and Finish Group (see Item 7d) also discussed concerns about the core data being used by Government to inform decisions on bids. The group recommended that SEEC's Chairman should write urgently to Government on this issue, to suggest improvements to the data sets that would give a more accurate picture of the South East's needs. We bring this recommendation to the Executive Committee for agreement.
- 2.10 We await the Government's announcements on successful first round bids, as well as guidance for the second round, and will share this with members when available. In addition as reported in Item 8a, SEEC has recently published a paper setting out the key deprivation issues in the South East. This is intended to help challenge preconceptions about the South East being uniformly prosperous. We recommend that the Chairman writes to Ministers and South East MPs to share this report and highlight the key issues.

8 February 2011

Annex – Local Enterprise Partnerships (LEPs) approved by Government as at 10 February 2011⁵

LEPs wholly or partly in the South East shown in bold.

- Birmingham and Solihull
- Black Country
- Cheshire and Warrington
- **Coast to Capital**
- Cornwall and Isles of Scilly
- Coventry and Warwickshire
- Cumbria
- **Enterprise M3**
- Greater Cambridgeshire and Greater Peterborough
- Greater Manchester
- Hertfordshire
- **Kent and Greater Essex and East Sussex**
- Leeds City Region
- Leicester and Leicestershire
- Lincolnshire
- Liverpool City Region
- New Anglia
- North Eastern
- Nottingham, Nottinghamshire, Derby, Derbyshire
- **Oxfordshire City Region**
- Sheffield City Region
- **Solent**
- **South East Midlands**
- Stoke and Staffordshire
- Tees Valley
- **Thames Valley Berkshire**
- The Marches
- West of England
- Worcestershire
- York & North Yorkshire

⁵ Source: <http://www.communities.gov.uk/localgovernment/local/localenterprisepartnerships/>