



<b>OVERVIEW AND SCRUTINY BOARD</b>	<b>AGENDA ITEM: 9</b>
<p><b>DATE OF MEETING:</b> 19<sup>th</sup> JANUARY 2011</p> <p><b>REPORT AUTHOR:</b> MARK FARMER (OVERVIEW AND SCRUTINY MANAGER)</p> <p><b>SUBJECT:</b> ESTABLISHMENT OF THE SOUTH EAST MIDLANDS LOCAL ENTERPRISE PARTNERSHIP</p>	

**PURPOSE:**

1. The purpose of this report is to provide members with information on the establishment and role of the South East Midlands Local Enterprise Partnership (that covers Luton) and the role that Overview and Scrutiny members could have in scrutinising its work.

**RECOMMENDATIONS:**

2. **The Overview and Scrutiny Board is asked to delegate responsibility for negotiating a role for Overview and Scrutiny, in the scrutiny of the South East Midlands Local Enterprise Partnership to the Overview and Scrutiny Manager, in conjunction with the Chair of the Overview and Scrutiny Board.**

**REPORT:**

3. On the 28<sup>th</sup> of October, the Government approved the establishment of a Local Enterprise Partnership that covers Luton, called the South East Midlands Partnership. This follows the government's announcements to abolish Regional Development Agencies.
4. The South East Midlands LEP partners are the four unitary authorities of Bedford, Central Bedfordshire, Luton and Milton Keynes, Aylesbury Vale in Buckinghamshire and the Boroughs of Northampton, Kettering and Corby and the districts of South Northamptonshire, Daventry, Cherwell in Oxfordshire and Dacorum in Hertfordshire. The partnership is working closely with the Chambers of Bedford, Luton, North Bucks and Milton Keynes, the Federation of Small Businesses and the Institute of Directors.
5. The South East Midlands Partnership bid was one of only twenty four that were approved out of a total of sixty two bids across the country. The area covered by the

partnership was put forward on the basis of the following; economic geography - travel to work patterns, business, connections, strategic transport links, the track record of partnership working, and sector strengths including: high performance engineering, technology, logistics, business services, shared leisure and retail economy, health and education catchments and critical mass. The partnership area covers a population of 1.8 million, covering around 3% of the UK economy.

6. Guidance from government on the role of Local Enterprise was minimal; this is in accordance with the coalition's approach to ensuring that there is little centralised direction of the solutions to and the management of local issues. Therefore, the Secretaries of State for Business and Communities and Local Government, in a letter, gave a broad overview of what they are, it stated;
  - They should provide strategic leadership
  - There must be business-led
  - There must be equal representation of civic and business leaders
  - They need to cover a functional economic area
  - They should include groups of upper tier authorities
7. The establishment of Local Enterprise Partnerships is set out in the 'Local Growth White Paper- Realising Every Place's Potential', which along with the list of approved LEP bids was published by government on the 28<sup>th</sup> October. This states that subject to local decision, LEPs could take on a diverse range of roles such as:
  - working with Government to set out key investment priorities, including transport;
  - infrastructure and supporting or coordinating project delivery;
  - coordinating proposals or bidding directly for the Regional Growth Fund;
  - supporting high growth businesses, for example through involvement in bringing together and supporting consortia to run new growth hubs;
  - making representation on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications;
  - lead changes in how businesses are regulated locally;
  - strategic housing delivery, including pooling and aligning funding streams to support this;
  - working with local employers, Jobcentre Plus and learning providers to help local workless people into jobs;
  - coordinating approaches to leveraging funding from the private sector;
  - exploring opportunities for developing financial and non-financial
  - incentives on renewable energy projects and Green Deal; and becoming involved in other national projects such as the development digital infrastructure.
8. According to the bid document, the role agreed for the South East Midlands Partnership is:
  - To be a strategic enabler – enhancing local delivery.

- To play a key role in the strategic planning of transport and other infrastructure. It will seek to use the limited private and public resources to meet priorities across the area of the partnership.
- To stimulate economic growth, create wealth and support smaller businesses, which will be at the heart of its purpose with the aim to increase access to finance, research and innovation, for example through coordinating procurement strategies to procure from local businesses.

### **The governance arrangements**

9. The 'Local Growth White Paper' states that LEPs should be led by business community and local authorities, with a leading business representative taking the Chair. The governance arrangements for partnership are currently being worked on by key representatives from local authorities, including Chief Executives and Executive Leaders and key representatives of business sector. The emerging governance proposals for the South East Midlands Local Enterprise Partnership, are moving in the direction of it being majority business led.

### **Scrutiny of the Local Enterprise Partnership**

10. The government minister for transparency, in a speech at a recent Centre for Public Scrutiny conference on the future of scrutiny under the coalition government, said that it was for local determination how scrutiny bodies such as LEPs should be held to account. This position is further supported through the white paper, which states that *"The Government wishes to see partnerships which understand their economy and are directly accountable to local people and local businesses."* Therefore, it will be through negotiation with partners to agree how scrutiny of the South East Midlands LEP should happen. Given the wide geographical area that the partnership covers, it is likely that some of sort of sub-regional approach to scrutiny will be required. Discussions will need to take place with Overview and Scrutiny representatives in each local authority covered by the partnership.
11. Discussions will need to take place with Overview and Scrutiny representatives in each local authority covered by the partnership. From a Luton perspective, these discussions are likely to be based upon developing a role for Overview and Scrutiny within which there is a focus on scrutinising the contribution of the any local representatives on the LEP to the activity of the partnership and how the LEP is prioritising the needs of Luton within it's activity. This will help recognise the important role that non-executive member have in influencing the delivery of regeneration and holding the partnership to account on behalf of the people of Luton.

### **Funding for Local Enterprise Partnerships**

12. Local Enterprise Partnerships will be expected to fund their own day-to-day running costs, and will need to consider how they can best lever in private sector investment. Local Enterprise Partnerships will be able to submit bids to the Regional Growth Fund, but will not receive preferential treatment against bids from other private or public-private partnerships. Local Enterprise Partnerships may therefore benefit from joining up with other local partners to submit joint bids, or with neighbouring Local Enterprise Partnerships to present co-ordinated bids.

13. The Government will introduce financial incentives to support growth. It wants Local Enterprise Partnerships to have a vital role to play in supporting pro-business approaches and Local growth: realising the potential of every place, therefore maximising the potential to benefit from this scheme. In recognition of the need to prioritise and work collaboratively across local authority partnerships to realise growth, some local authorities, through a Local Enterprise Partnership, may therefore want to use shared incentive revenue streams to directly support economic development projects.

## **CONSULTATIONS**

14. The Head of Regeneration has been consulted on the content of this report.

## **LEGAL IMPLICATIONS**

15. There is currently no formal framework for the scrutiny of Local Enterprise Partnerships, therefore scrutiny of the LEP would need to take place informally. There are no direct legal implications resulting from this report. This was agreed by the Head of Legal Services on 18<sup>th</sup> November 2010.

## **FINANCIAL IMPLICATIONS**

16. Effective support for the Scrutiny of LEPs would need to include the following: constitutional support, administrative support, and research support and policy advice. This will need to be within existing Council resources across the sub-region. It is likely that meetings to review the LEP will be infrequent; therefore the overall impact on resources will be minimal. This was agreed by the Finance and Airport Client Manager on 18<sup>th</sup> November 2010.

## **LOCAL GOVERNMENT ACT 1972, SECTION 100D- LIST OF BACKGROUND PAPERS**

South East Midland Local Enterprise Partnership bid documentation.

Letter from Government Ministers, Eric Pickles MP and Vince Cable MP on the proposed role for LEPs.

Government White Paper on Local Growth.