

AGENDA SUPPLEMENT



- Committee - **CABINET**
- Date & Time - Tuesday, 11 September 2018 at 10.00 am
- Venue - Council Chamber, Council Offices, Priory Road, Spalding

Membership of the Cabinet:

Councillors: The Lord Porter of Spalding CBE (Leader), C N Worth (Deputy Leader), M G Chandler (Deputy Leader), T A Carter, A Casson, P E Coupland, R Gambba-Jones, C N Johnson, C J Lawton and G J Taylor.

No substitutions permitted. Quorum 4.

Note: Cabinet reports may be referred to Council or Scrutiny Panels. They should therefore be kept for future reference during the current committee cycle.

Persons attending the meeting are requested to turn mobile telephones to silent mode

Democratic Services
Council Offices, Priory Road
Spalding, Lincs PE11 2XE

Date: 7 September 2018

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AGENDA

7. The impact of the government's 2018 LEP Review on the district of South Holland - To consider the options available to the Authority in respect of Local Enterprise Partnerships (LEP) membership, in response to the government's recently published review of LEPs (report of the Portfolio Holder Growth and Commercialisation). (Pages 87 - 94)

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Cllr Nick Worth, Portfolio Holder for Growth and Commercialisation.

To: Cabinet Tuesday, 11 September 2018

Author: Nigel R Burch, Economic Development and Inward Investment Manager,
Mathew Hogan, Executive Manager Growth

Subject: The impact of the government's 2018 LEP Review on the district of South Holland

Purpose: To consider the options available to the authority in respect of Local Enterprise Partnerships (LEP) membership, in response the government's recently published review of LEPs.

Recommendation(s):

- 1) That in response to the government's review of Local Enterprise Partnerships, the impacts of which are set out within this report, that South Holland District Council reaffirms and retains its continued membership of the Greater Lincolnshire Local Enterprise Partnership
- 2) That the authority's support for recommendation (1) be subject to the conditions set out within the 'options' section of this report.
- 3) That as a consequence of (1) South Holland District Council relinquishes its 'associate membership' of the Cambridgeshire and Peterborough Combined Mayoral Authority, albeit with a view to ensure continued active partnership working with authorities and institutions in Cambridgeshire and Peterborough, as a means of supporting the continued growth of the economy in South Holland.

1.0 BACKGROUND

- 1.1 In 2010, the Government made the decision to disband the Regional Development Agencies and introduce Local Enterprise Partnerships to promote economic growth across England. Until that point, Regional Developments agencies such as the East of England Development Agency (EEDA) and the East Midlands Development Agency (EMDA) had been responsible for the distribution of both Government and European funding.
- 1.2 Local Enterprise Partnerships (commonly known as LEPs) were brought in by the Coalition Government to replace regional development agencies with a view to provide a more locally driven solution to supporting economic growth. They were also created with a view to increase the level of private sector representation in activity relating to economic growth. Like their predecessors, LEPs were given responsibility for the distribution of funding designed to support economic growth, including 'Growth Deal' funding and European Structural Investment Fund (ESIF) monies.
- 1.3 As a Lincolnshire-based local authority, South Holland District Council has been a member of the Greater Lincolnshire Local Enterprise Partnership (GLLEP) since it was formed in 2010. Furthermore, in 2017 the authority became a paying "associate" member of the

Greater Cambridge Greater Peterborough Local Enterprise Partnership (GCCP LEP); a decision taken on the basis of the close alignment between the economy in South Holland and the wider economic geography that surrounds Peterborough. At the same time South Kesteven District Council did this for the same reasons. Associate membership has afforded the authority with 'a seat at the table', but has not provided the authority with voting rights and/or access to major funding streams.

- 1.4 In the period since the authority became an associate member of the GCCP LEP, the Cambridgeshire and Peterborough Combined Authority was created, with the Greater Cambridge Greater Peterborough Local Enterprise Partnership evolving to take the form of the 'Business Board' within the new Combined Authority. The Cambridgeshire and Peterborough Combined Authority has recognised the synergy between both the South Holland and South Kesteven economies and that of Greater Cambridge and Greater Peterborough, and as a result, has included both districts into its functioning economic area.
- 1.5 Consequently, and unlike many other authorities, South Holland effectively holds membership within two organisations that perform the functions of a LEP. This is the result of South Holland's geographical location as a Lincolnshire authority, whilst also having an economic geography that closely aligns with that of Peterborough and the surrounding areas. Historically, this approach (of dual membership) has been seen by government has being entirely acceptable.

The 2018 Review of Local Enterprise Partnerships.

- 1.7 Since 2011, the context in which Local Enterprise Partnerships now operate has altered significantly. For example, LEPs now oversee significant amounts of public funding and have an authoritative voice in shaping national and local policy.
- 1.8 In response to how the function of LEPs has evolved over time, the Government has now undertaken a review of all the Local Enterprise Partnerships in England to ensure they are fit for purpose to support the development of Local Industrial Strategies. This review, which was published in August, includes a number of actions which the government intends to pursue.
- 1.9 A summary of these actions is set out within Appendix 1 linked to this report. However, the action with the greatest pertinence to South Holland relates to 'overlapping geographies' when it comes to LEP membership of individual local authorities. In relation to 'overlapping geographies', the government is proposing the following;
 - That in order to improve accountability and to ensure that all businesses and communities are represented by one Local Enterprise Partnership, that Local Enterprise Partnerships and Mayoral Combined Authorities seek to move towards coterminous boundaries where overlapping memberships are removed.
 - That by the end of September 2018, Local Enterprise Partnership Chairs and other local stakeholders are to present to government considered proposals on geographies which best reflect real functional economic areas and which remove overlaps, whilst still providing an appropriate level of scale required to provide effective strategic direction and efficient delivery of future programmes.
 - That any amendments to the geography of LEP areas as a whole will be expected to take effect by spring 2020 at the latest.

- This is with a view to simplify the allocation of future growth funding and rationalise the increasingly complex local growth landscape.
- 1.10 Consequently South Holland is required to give this matter of ‘overlapping geographies’ urgent consideration, as the government is proposing that local authorities will no longer be able to belong to more than one Local Enterprise Partnership and/or Combined Authority.
- 1.11 Despite this, the government acknowledges that there will need to be a significant degree of ‘porosity’ between contiguous LEP areas, and that they expect ongoing cross-LEP conversations, collaboration and collective working to be ongoing wherever possible.

OPTIONS

In response to the government’s review of LEPs, the authority has two options for consideration;

Option 1: That South Holland District Council reaffirms and retains its continued membership of the Greater Lincolnshire Local Enterprise Partnership, with a view to relinquish the authority’s ‘associate membership’ of the Cambridgeshire and Peterborough Combined Authority (Recommended)

Under this option, South Holland would continue with its current membership of the GLLEP whilst relinquishing its formal ‘associate membership’ of the Cambridgeshire and Peterborough Combined Authority. This option would enable the authority to continue to access major funding streams through the GLLEP. It will also ensure that alignment will continue to exist between the LEP and the two tiers of local government that cover the South Holland area.

Given the close alignment between the South Holland economy and the economic geography that surrounds Peterborough, it is proposed that should this option be pursued, the authority should continue to seek close ties with authorities and institutions within Peterborough and Cambridgeshire. This includes through the current arrangements between the authority and ‘Opportunity Peterborough’; the economic development agency owned by Peterborough City Council, which is providing services to the authority in attracting inward investment into the district.

Whereas the clear recommendation contained within this report is that the authority reaffirms and retains its continued membership of the GLLEP, it is also recommended that the authority’s continued support and membership of the GLLEP is made conditional on a number of key matters. These conditions, which have been discussed with representatives from the GLLEP, include the following;

- That going forward, for the GLLEP to develop a greater focus on the skills agenda; an agenda of significant importance to South Holland’s wider economic strategy
- That going forward, for the GLLEP to provide the authority with reassurance that South Holland’s economic focus around Greater Peterborough, including through recently announced arrangements with ‘Opportunity Peterborough’, are endorsed and supported
- That any changes to the future governance of the GLLEP, as recommended for all LEPs through the government’s wider review, should ensure that political input on decision making occurs at the earliest possible stages
- That going forward, that the GLLEP explores the benefits of a ‘corridors-based approach’ to investment in economic development in Lincolnshire, as has happened in other LEP areas. This includes LEPs such as the New Anglia LEP, where an economic growth strategy

linked to the A11 corridor between Norwich and Cambridge is being promoted to government for funding to support the growth of high tech industry, and with initial success.

Option 2: That South Holland District Council pursues continued ‘associate membership’ of the Cambridge and Peterborough Combined Authority, with a view to relinquish membership of the Greater Lincolnshire Local Enterprise Partnership (Not recommended)

Under this option, South Holland would continue with its ‘associate membership’ of the Cambridgeshire and Peterborough Combined Authority (including its membership on the Business Board of the combined authority). If pursued, this option would bring about a need for the authority to relinquish its formal membership of the Greater Lincolnshire Local Enterprise Partnership.

REASONS FOR RECOMMENDATION(S)

The recommendation set out within this report is that, in response to the government’s review of Local Enterprise Partnerships, the impacts of which are set out within this report, that South Holland District Council reaffirms and retains its continued membership of the Greater Lincolnshire Local Enterprise Partnership (Option 1).

There are a number of reasons for this recommendation, including the following;

- South Holland’s ‘associate membership’ of the Cambridgeshire and Peterborough Combined Authority does not afford the authority with the same level of influence as currently afforded through the authority’s membership of the Greater Lincolnshire Local Enterprise Partnership. For example, whereas the authority’s ‘associate membership’ of the Cambridgeshire Peterborough Combined Authority provides the authority with a ‘seat at the table’ on key discussions relating to support for business, it does not afford the authority voting rights. Consequently, the authority will have a much greater influence within GLLEP than within the Cambridgeshire and Peterborough Combined Authority.
- Furthermore, ‘associate membership’ does not provide the authority with the same level of access to UK government and European funding that the authority currently has through membership of the GLLEP. This includes the access to European Regional Development Funding (ERDF) and Local Growth Funding, each of which the authority can access through the GLLEP but not the Cambridgeshire and Peterborough Combined Authority. Since the GLLEP was founded in 2010, around £11m in government funding for major economic-related projects has been awarded to and/or directed into projects within the district. Consequently, remaining within the Lincolnshire partnership will give SHDC much greater access to future funding opportunities.
- Should the authority opt to future LEP membership through the GLLEP, the ability of South Holland businesses to access key and pertinent business and skills support provided through and commissioned by the Cambridgeshire and Peterborough Combined Mayoral Authority will continue.
- Through the council’s relationship with ‘Opportunity Peterborough’ in relation to inward investment, the authority will retain the ability to build important relationships with public and private sector partners within the Cambridgeshire and Peterborough area, specifically in relation to areas relating to inward investment, economic development and infrastructure provision
- Through remaining with the GLLEP, it will also ensure that alignment will continue to exist between the LEP and the two tiers of local government that cover the South Holland area.

EXPECTED BENEFITS

It is anticipated that, if pursued, the report recommendations will deliver the following benefits;

- It is expected that South Holland District Council will have a much stronger influential voice within the GLLEP than it has within the Cambridgeshire and Peterborough Combined Authority, by virtue of the differing level of membership that the authority has with the two organisations.
- South Holland District Council will continue to have access to the funding streams that are currently available through the GLLEP, and any future funding through the Government's Shared Prosperity Fund that is likely to be distributed through the LEP's following the United Kingdom's exit from Europe.
- South Holland's businesses and educational institutions will still be able to access support that is available through many programmes commissioned by the Cambridgeshire and Peterborough Combined Authority.

IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision. Those considerations are set out below;

- **Corporate Priorities**

By remaining in the Lincolnshire partnership and maximising funding and other opportunities, South Holland District Council will be in a stronger position to continue to deliver its Corporate Priorities, specifically in relation to the priority to 'encourage the local economy to be vibrant with continued growth'.

- **Financial**

Remaining within the GLLEP will provide the authority continued opportunity to access major UK government and European funding streams, designed to support economic growth. This includes grant funding for projects such as Grants4Growth, the funding for which would not pass into South Holland if the authority the authority opted for continued associate membership of the Cambridgeshire and Peterborough Combined Authority.

- **Stakeholders / Constitution / Timescales**

There are timescales associated with the finalisation of a decision on this matter. Those timescales, which have been set by government, require authorities and LEPs to finalise their position on the matter of 'overlapping geographies' by September 28th 2018.

Throughout this process, the authority has sought to engage with key stakeholders such as the GGLEP and the Cambridgeshire and Peterborough Combined Authority.

- **WARDS/COMMUNITIES AFFECTED**

All wards

- **ACRONYMS**

SHDC – South Holland District Council

LEP – Local Enterprise Partnership
GLLEP – Greater Lincolnshire Local Enterprise Partnership
GCGPLEP – Greater Cambridge Greater Peterborough Local Enterprise Partnership
ERDF – European Regional Development Fund
LIS – Local Industrial Strategy

Background papers:-

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Key Decision: N

Exempt Decision: N

Appendix 1 - Appendix One – A summary of key points contained within the government's 2018 review of Local Enterprise Partnerships.

This report refers to a Mandatory Service

Appendix One – A summary of key points contained within the government’s 2018 review of Local Enterprise Partnerships.

The government has undertaken a review of all the Local Enterprise Partnerships in England to ensure they are fit for purpose to support the development of Local Industrial Strategies.

A copy of the review can be found at - <https://www.gov.uk/government/news/government-proposes-shake-up-of-local-enterprise-partnerships>

In addition to the key point on overlapping geographies (as covered within the main report associated with this appendix) the government have set out an intention to pursue a number of other key points as part of their published review. Key extracts from the review are set out below.

- **Publish a statement on the role and responsibilities of Local Enterprise Partnerships which will clearly set out what the Government expects the LEP’s to deliver.**

‘Local Enterprise Partnerships prioritise policies and actions on the basis of clear economic evidence and intelligence from businesses and local communities. Their interventions are designed to improve productivity across the local economy to benefit people and communities with the aim of creating more inclusive economies. To do this effectively, Local Enterprise Partnerships must have robust governance arrangements that provide operational independence to take tough decisions and hold local partners to account for delivery. This also requires Local Enterprise Partnerships to have the organisational capacity to fulfil their roles and responsibilities.’

- **Publish a further statement on Local Industrial Strategies and what is expected in putting them together.**

‘The Government will set all Local Enterprise Partnerships a single mission to deliver Local Industrial Strategies to promote productivity. This should include a focus on the foundations of productivity and identify priorities across Ideas, People, Infrastructure, Business Environment, and Places. In certain places this may include an emphasis on skills whilst in others it may be land supply, congestion, or working with relevant local authorities in the delivery of housing where it is a barrier to growth.’

Local Enterprise Partnerships will support the supply of skills to an area as they respond to the Skills Advisory Panel programme, and will develop even stronger local labour markets and skills governance through Skills Advisory Panels. These boards will convene local employers, learning providers and other partners, to achieve a better alignment of the local employment and skills offer. This analysis will feed into the development of Local Industrial Strategies.’

- **Continue to maintain overall accountability for the system of Local Enterprise Partnerships and local Growth Funding, and implement in full the recommendations of the Ney Review and any future recommendations that may be made as the performance of Local Enterprise Partnerships is scrutinised and reviewed.**

‘Government’s primary ambition is for Local Enterprise Partnerships to operate as a self-regulating sector, working with local partners and their peers through the LEP Network to

drive improvements in governance and delivery and strive for excellence. The Government, the LEP Network and Local Enterprise Partnerships will develop a Local Enterprise Partnership sector-led approach to assessing and improving performance through regular peer review.'

- **Set out within a revised National Assurance Framework a clear statement on an escalating approach to intervention in any instances where Local Enterprise Partnerships demonstrate that they are found to be under performing.**

'The performance of each Local Enterprise Partnership differs based on the individual circumstances of their place. Each Local Enterprise Partnership's overall performance will be held to account through measures agreed in their delivery plans. The Government will work with Local Enterprise Partnerships to ensure they have these plans in place by April 2019.

Government will continue to monitor Local Enterprise Partnerships through annual performance reviews and quarterly monitoring of data returns for major growth programmes to monitor risk. Performance assessments will be grounded in the three themes encompassing the objectives of a Local Enterprise Partnership: Governance, Delivery and Strategy. In order to strengthen this system, we will introduce a mid-year review session with each Local Enterprise Partnership. This will enhance the existing annual performance review meetings and will focus significantly on strategic direction whilst also providing a forum for Government to highlight concerns with senior Local Enterprise Partnership officials.'

Ends