

EXETER CITY COUNCIL
SCRUTINY COMMITTEE – ECONOMY
10 MARCH 2011

**BRIEFING NOTE : PROPOSED HEART OF THE SOUTH WEST
LOCAL ECONOMIC PARTNERSHIP**

1. PURPOSE

- 1.1 To provide a briefing note for Members on the current stage of development of the proposed Local Enterprise Partnership for Devon and Somerset, and seek Members comments on the issues raised by the Draft Prospectus.

2. BACKGROUND

- 2.1 The Government announced in June 2010 the abolition of the Regional Development Agencies (RDAs), the Regional Strategy and the Government Offices for the Region in England, with the intention that some of their current roles be taken over by new Local Economic Partnerships – LEPs.
- 2.2 The Government invited bids for the formation of the first round of LEPs in June 2010 for submission by 6 September 2010. Little guidance was given on their role until the White Paper on Local Growth, which was published on 28 October 2010, but even then there have been little prescription as to Government expectations.
- 2.3 The invitation to form LEPs was taken up by local authorities across the country, with proposals being submitted by partnerships led by the following in the South West:
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|------|---------------------------------------------------------------------------|----------|
| i) | Cornwall County Council | approved |
| ii) | Devon County, Plymouth and Torbay Councils | rejected |
| iii) | Dorset, Poole and Bournemouth | rejected |
| iv) | Somerset County Council | rejected |
| v) | West of England
(Bristol, South Gloucestershire, Bath and NE Somerset) | approved |
| vi) | East Devon and South Somerset District Councils | rejected |
| vii) | Gloucester County Council | rejected |
- 2.4 In its bid, each prospective LEP had to demonstrate that it:-
- represents a Functional Economic Area, e.g. a city region or economic corridor
 - has business and wider partnership engagement
 - comprises of more than one upper tier authority
- 2.5 Not all approved LEP submissions comprised of more than one authority e.g. Cornwall, Cumbria and Lincolnshire. However, once approved, they have been told their membership can change.

- 2.6 LEPs and prospective bidders have more recently been given some indicators of their main roles and likely responsibilities:
- working with government to set out key investment priorities, including transport infrastructure and supporting or co-ordinating project delivery
 - co-ordinating proposals or bidding directly for the Regional Growth Fund
 - supporting high growth businesses
 - making representations on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications
 - strategic housing delivery including pooling and aligning funding
 - co-ordinating approaches to leveraging funding from the private sector
 - exploring opportunities for developing financial and non-financial incentives on renewable energy projects
 - potential management and lead responsibilities for a range of funding streams
- 2.7 Securing economic development is generally about encouraging enterprise, innovation and private sector investment and expansion. The aim for LEPs has to be to facilitate this expansion through promoting the conditions for growth that are appropriate and sustainable in particular localities. This is also about flexibility and progress through collaboration in other policy areas, including skills, housing, planning and transport.
- 2.8 LEPs are very much in their infancy and it is likely that it will take at least a year or two before they have the corporate arrangements, resources, and capacity to undertake these roles.
- 2.9 In order to assist LEPs to prepare their strategies and plan their programme of activity, the Government announced a specific fund in January 2011 on average providing up to £100,000 per LEP. As yet there are no other sources of funding to support the establishment and operation of LEPs, although some are being formed on the basis of amalgamating and re-organising existing organisations. The governance and organisational form of LEP's varies greatly.
- 2.10 Ministers have indicated that LEPs will need to rely on planning policies at national and local level. At national level the Government will be publishing a National Planning Policy Framework by 2012. Local development plans are prepared by local authorities for planning and regulations. However, in order to support a more integrated planning approach for the LEP area, it is proposed that local authorities will have a duty to co-operate placed on them in the Localisation Bill.
- 2.11 Following rejection of the original Devon proposal, a new proposal has been developed covering Devon and Somerset. Both County Councils, the two unitary councils of Plymouth and Torbay, and a range of private sector organisations have come together to draft a Prospectus which is attached and discussed below.

3. THE DEVON AND SOMERSET LEP PROPOSAL

- 3.1 The attached proposal has been prepared by a joint private and public sector LEP Steering Group chaired by the Chief Executive of the Devon and

Cornwall Business Council. The Steering Group have presented the paper as very much an outline document to set the scene and secure initial support from Government. The detailed “business plan” and final governance arrangements are to be worked out following a “green light” from Government.

- 3.2 The preparation of the proposal and the recognition that the larger geography of Devon and Somerset combined provides a more coherent strategic approach is to be welcomed. The reference to there being key urban economic centres as drivers of economic growth and recovery is very important, although there appears to be a reluctance to name them specifically and the geography is referred to as Devon, Plymouth, Somerset and Torbay. Government has insisted on LEPs being business led, whilst this reference could be seen as portraying significant influence by the county and unitary councils minimising the relevance of other public sector organisations, particularly district councils with their “on the ground” planning and economic development roles, functions, investment and leadership.
- 3.3 The preferred geography for an LEP is that it should be built around functional economic areas; recognisable economies locally and regionally which easily relate to common understanding of business activity, which does not generally follow administrative boundaries. This approach is certainly welcomed, in that it enables the reality of the economic contribution and strategic opportunities they present to be more sensibly considered and the priorities for their development agreed and described at a higher strategic level. Identification of priorities at this level is important for presenting cases for securing significant investment in projects and skills/training which will not otherwise happen.
- 3.4 The draft is slightly confusing in referring to Devon and Somerset being a single functional economic area which downplays the strategic importance of the key urban economic drivers and their distinctive advantages and opportunities e.g Exeter as an acknowledged Growth Point with real potential for re-balancing its economy with knowledge based employment and the strength of some of its indigenous businesses. There is a danger in that the document could be too superficial and down beat in trying to cover the whole geography, too generally and primarily highlighting its difficulties rather than “shouting” about its opportunities.
- 3.5 The proposal pays little attention to the distinctive role that district councils bring with their track record of economic development and planning and delivery responsibilities. The importance of ensuring that the primary economic drivers and contributors, i.e. the key urban centred functional economic areas are represented on the LEP Board is a bone of contention, with representation currently being determined by upper tier authority and business representation.
- 3.6 The governance arrangements refer to District Council representation via an LEP Forum which would meet twice yearly with a whole range of other organisations. Through this limited level of engagement it is expected that the Forum would advise and scrutinise the LEP Board. There is no guarantee that probably one of the primary economic drivers in Somerset and Devon i.e. Exeter and its wider economy will be able to ensure its voice is heard or carry much influence at LEP Board level, particularly important in competing for limited resources in the current climate.

3.7 It would be sensible to agree that the members on a board should remain less than 20, that the four upper tier authorities warrant a seat each and that the LEP Board should be primarily business led, having at least 50% of the seats and there being a private sector chair. However it should be feasible, even after allowing for representation from higher and further education and the third sector, that it would be strategically advantageous to have a representative from each of the 6 or 7 functional economic areas that make up the real economic activity of Devon and Somerset. Exeter and its wider economy should have a seat on the main Board nominated by the economic partnership, which has the best “handle” on its local and strategic priorities. Each representative need not be from a district council but an appropriate individual with the skills and knowledge to act as the linch-pin between securing recognition of “local” priorities contributing to the achievement of higher level strategic priorities.

3.8 The tone of the proposal document is one which should excite interest and commitment from within the area as well as from those looking from outside in considering the areas suitability for investment. Although this is only a proposal it will be a public document presenting our sub-region’s visions and aspirations. It is generally portraying the whole area too negatively, instead of highlighting the positives and key objectives whilst seeking also to address its weaknesses. A more limited number of priorities should provide the focus of the proposal based around specific measurable objectives relating perhaps to the following:-

- capitalising on the strengths and real opportunities presented by the designated Growth Points
- supporting the development of the major investment in new nuclear facilities and any other major investments where there are real opportunities for individuals and businesses to benefit
- supporting and securing the delivery of the Local Investment Plans providing coherent and co-ordinated development plans and priorities for the area’s key functional economic areas
- securing real measurable improvements to transportation and communication infrastructure to improve the competitive position of the area e.g road, rail, air and broadband
- promoting investment in education and skills development which will support those employers and organisations which will have the greatest impact upon the economy

A lot of the priorities currently listed in the Prospectus would usually be seen in more localised economic development strategies

3.9 These and a number of other detailed drafting points have been conveyed to the LEP Steering Group in time for their consultation deadline of 25 February 2011. When the revised and final version is produced which is to be submitted to Government it will also be circulated to members of this Committee.

4.0 RECOMMENDED that:

- 4.1 Members comment on the issues raised by this briefing note on the Draft Prospectus for the proposed LEP for Devon and Somerset.

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ECONOMY AND DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:-

Local Enterprise Partnership: Draft Prospectus, February 2011