

## Local Enterprise Partnerships: A Primer on English Economic Development Policy

Local Enterprise Partnerships or LEPs have been in the news recently. Government sees them as a means of driving their growth agenda – and there have been proposals to give LEPs more funding and control over the adult skills budget to achieve this. But what are LEPs? How do they operate? Could they really influence skills investment and provision? What will this mean for providers? This briefing explains how and why LEPs have come about, and what direction they might take in the future as they continue to evolve.

- There are 39 LEPs across England taking on local economic development functions
- LEPs were set up on a shoestring and have not been performing consistently so government has made more funding available on a piecemeal basis
- Lord Heseltine's growth report *No stone unturned* recommended LEP capacity be built up so they could become engines of growth, taking on more responsibilities and making longer term investments
- Heseltine proposed LEPs be funded through a single pot - with existing adult skills budgets going into this pot
- HM Treasury agreed to the single growth fund as part of the 2015-16 spending round, funded at £2bn per year
- The BIS Select Committee found that given the central role of skills in driving growth LEP and college links need to be much stronger and LEPs need to demonstrate their engagement with the education sector
- Sir Andrew Witty has been asked to lead an independent review of universities and growth – government envisages greater partnership working between LEPs and universities

### **Thirty-nine LEPs have replaced the nine Regional Development Agencies in England.**

In 1999 nine RDAs were established in England. Funded through a single pot they were business facing public sector bodies that had responsibilities for regional economic development, regeneration, transport, European funding, skills and economic inclusion among other things.

Following the 2010 General Election LEPs were proposed to replace RDAs. LEPs were to be public private partnerships with a private sector chair determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. In June 2010 the government confirmed in a letter to Council and Business leaders that LEPs

would not have any funds for their day to day running costs in contrast to the multi million pound budgets of RDAs. Some LEPs were up and running prior to the formal wind-up (which was a 2 year process) of the RDAs but at the date of their abolition (1 April 2012), 39 LEPs were established.

## **LEP performance was patchy and variable so BIS and DCLG gave them some money**

Some might say that's inevitable when arrangements are left down to local areas and they were set up with no core funding. Some LEPs did have a head start – for instance Sheffield and Leeds City Regions already existed as partnerships well before the RDAs demise was mooted – so some LEP performance was adequate but others were poor. A 'one-off' fund of £5m had been put up in May 2011 for start-up costs but it soon became clear this wasn't enough and LEPs weren't performing as well as on a shoestring as the government hoped. BIS and DCLG set up a £25m fund in September 2012 to provide LEPs with core funding taking them up to 2014/15.

Furthermore in March 2013 government announced that LEPs must develop strategic plans for their areas from 2015 to take a greater role in driving local economic development and will have greater access to resources devolved from central government. A majority of EU structural funds will in future be allocated to LEPs.

## **The Regional Growth Fund and Lord Heseltine**

The Regional Growth Fund is a £2.6 billion fund operating across England from 2011 to 2016. In BIS language 'It supports projects and programmes that lever private sector investment to create economic growth and sustainable employment.' Bids are considered by an independent advisory panel of business leaders and economic experts, chaired by Lord Heseltine.

Private sector organisations (which for fund purposes includes universities and charities) can bid to the fund individually or in partnerships, but the public sector can only bid as part of a partnership. LEPs can bid, but don't receive any preferential treatment. RGF has thus replaced RDA funding but to a much reduced degree – in 2007/8 the 9 RDAs total budget was over £2 billion whereas this £2.6 billion is being stretched out over 5 years. The RGF has also been criticised for being very bureaucratic and slow to get out money to successful bidders.

## **No Stone Unturned in Pursuit of Growth by Lord Heseltine**

In March 2012 the Prime Minister asked Lord Heseltine to report to the Chancellor and Vince Cable as to how we might more effectively create wealth in the UK.

He produced a very personal report in October 2012 refreshingly free of civil servant speak. If you haven't looked at it, at least see the front cover:

<http://www.bis.gov.uk/assets/biscore/corporate/docs/n/12-1213-no-stone-untuned-in-pursuit-of-growth>

The report was a mammoth one covering everything as diverse as school performance to immigration, from civil service reform to local government reform. It contained 89 recommendations in total. The Government response in March 2013 accepted 81 either in full or in part. 5 were rejected and 3 will be considered as part of the forthcoming Spending Round. These 3 were all recommendations on skills and education:

- The existing budget lines for adult careers advice should be included in the single funding pot. Each LEP, as part of its local economic plan, should consider how careers advice is best provided in its area to meet the needs of both the adult population and the requirement under the Education Act 2011 for careers advice in schools.
- The budget for vocational training for learners aged 19 and over, and all funding currently set aside for apprenticeships for those aged 16 and over, should be devolved to local areas through the single funding pot described in Chapter 2. This therefore calls into question the continuation of the Skills Funding Agency. Each LEP should incorporate skills needs within their local economic plans driven by the needs of local employers and the practical experience of FE colleges.
- Action to address NEETs is best taken at the local level. Resources to tackle the problem should therefore be available from the single pot. Youth unemployment will not be a problem or priority for action in every area, but where it is, LEPs working with local authorities, employers and other local partners should develop proposals for reducing NEET numbers as part of their local economic plans.

Recommendations accepted on skills and education include:

- The bureaucracy and paper work around work experience and work placements must be streamlined. DfE must be clear about what is absolutely necessary. Government must then ensure the removal of all regulations and requirements that place unnecessary burdens on employers, schools and colleges.
- All FE learning providers must consult and agree their provision with LEPs to ensure that the courses they offer to 16-18 year olds reflect local labour requirements. In addition, any vocational courses delivered by FE providers to learners of any age must conform to the defined national standards set by employers and industry.
- Industry Councils should work with the higher education sector to ensure that courses are relevant, incorporate placements in industry, and match the skills for which there is demand. Government needs to consider incentives to encourage and develop this further.
- Higher Education courses should, where appropriate, be a collaboration between employers and universities. For shortage subjects for which there is strong employer demand, universities and employers should develop models where a commitment from

firms of between a third and a half of a student's course fees will commit the student to working for that employer for a fixed number of years after graduation. This should be taken forward by the relevant Industry Councils.

## **Over to the Treasury: Budget 2013**

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/188360/budget2013\\_chapter1.pdf.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/188360/budget2013_chapter1.pdf.pdf)

The budget in March 2013 gave some more information about the operation of the single pot, which the Treasury renamed the single local growth fund, devolved to the local level through new local growth deals. So funding will be allocated to LEPs on the basis of these local growth deals which government will negotiate with every LEP. LEPs will be expected to raise an element of match funding for the devolved central government funding. The single local growth fund will be operational by April 2015.

The Financial Times reported on 13 April 2013 that at a conference of LEP Chairs Vince Cable said it would be nowhere near the figure of £70bn over four years recommended by Heseltine but more than the "bottom of the range", which some observers say could be as low as £5bn. Cable made it clear he saw the existing City Deals as the blueprint for devolving funds locally.

## **Spending Round 2013**

<https://www.gov.uk/government/topical-events/spending-round-2013>

The spending round announcement on 26 June was still frustratingly short of real detail though total funding for the single local growth fund was clarified in the Chancellor's speech, "This will be £2 billion pounds a year – that's at least £10 billion over the next Parliament". LEPs will be expected to bid for funding. At present it is unclear to what extent adult skills budgets will be devolved.

## **LEPs and the Education and Skills Sector**

If in general LEPs are to have a bigger role and influence over skills investments to what extent are they working with our education and skills providers? Many LEPs have an HE representative on their Board, fewer have an FE representative. Most have employment and skills boards (ESBs) established in their areas. These tend to have more members from FE and HE so may be a better way to target lobbying activity or gain influence. Other LEPs may well have ESBs within in their areas but are not mentioned on their websites. This could be because the ESBs were set up pre-LEPs and are run by Local Authorities. Most LEPs reference employment and skills as a priority but some are very woolly and vague and have no concrete plans or actions.

Many LEPs or their Boards have commissioned research on identifying skills needs in their local areas to help inform education and training providers as well as learners and employers. Although developing an evidence base is very welcome, for these to be effective the LEPs or their ESBs need to be working with their partners very closely in disseminating the evidence and ensuring they can act upon it.

## **The BIS Select Committee Inquiry into LEPs**

The Business, Innovation and Skills Select Committee published a report into LEPs in April 2013.

<http://www.publications.parliament.uk/pa/cm201213/cmselect/cmbis/598/598.pdf>

This highlighted the short term funding arrangements of LEPs and the uncertainty this creates together with the inability to make long term commitments and investments. The Committee supports the Heseltine single pot idea. It also recommended that the shared responsibility for LEPs between DCLG and BIS is ended and that BIS become the lead department.

Specifically on Board membership the Committee found that some LEPs have had difficulties in finding appropriate representation. They heard evidence from the AoC that the relationship between colleges and LEPs is not good because of the lack of Board representation. The Committee recommends that LEP Board should include representation of: SMEs, large businesses, local employees (e.g. Trade Union), local government and education. They also say that LEPs should be required to demonstrate their levels of engagement with local education, particularly with skills and apprenticeship providers, colleges and schools.

## **Sir Andrew Witty's Independent Review of Universities and Growth**

Following on from the Wilson review of business and university collaboration which found that LEPs have a key role to play in local economic growth and have the potential to be invaluable in helping improve such collaboration between business and universities, Witty has been asked to explore how universities can support growth by working with organisations such as LEPs. The review is taking evidence until the end of May and will publish a report in the summer.

<https://www.gov.uk/government/consultations/universities-and-growth-the-witty-review-call-for-evidence>

## Appendix

The table shows LEP Board membership and any relevant skills related work they are undertaking. (All information taken from individual LEP websites)

<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>Black Country</b>	8 private sector, 4 Cllrs, 1 HE (Wolverhampton University)  13 total	Have an ESB which is co-ordinating a bid to the UKCES employer ownership pilots
<b>Buckinghamshire</b>	4 private sector, 5 Cllrs, 1 HE (Buckinghamshire New University)  10 total	
<b>Cheshire and Warrington</b>	8 private sector, 3 Cllrs, 1 FE (Reaseheath College), 1 HE (University of Chester), 1 voluntary sector (also from the learning and skills sector)  14 total	Have an apprenticeship promise, aiming to get businesses publicly promoting, supporting and offering apprenticeships.
<b>Coast to Capital (Brighton, Sussex, Gatwick &amp; Croydon)</b>	8 private sector, 5 Cllrs, 1 FE/HE (currently HE - University of Chichester)  14 total	Chair is also Chair of Sussex College and is a member of Brighton University led steering group to develop a university centre in Crawley.  Have an enterprise in education workstream developing a framework for use by HE, FE, secondary & primary

<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>Cornwall &amp; Isles of Scilly</b>	9 private sector, 4 Cllrs, 1 HE (Falmouth University)  14 total	Have an ESB with draft employment & skills strategy out for consultation. Membership of the ESB is Chair taken from LEP Board, 1 Local Authority, 6 employers (including public sector as major employer), 1 voluntary sector, 1 training provider, 1 HE (combined universities Cornwall), 3 FE (each college in the LEP area), 1 TUC, 1 JCP, 1 SFA
<b>Coventry &amp; Warwickshire</b>	7 private sector, 6 Cllrs, 1 HE (Warwick & Coventry Universities)  14 total	Has a skills group developing skills challenges and solutions. Will also act as sub-group of City Deal steering group. Membership of 2 training providers, 1 HE, 2 FE and 1 manufacturing group
<b>Cumbria</b>	6 private sector, 5 Cllrs, 1 FE (Carlisle College)  12 total	Have an 'emerging skills priorities' document
<b>Derby, Derbyshire, Nottingham &amp; Nottinghamshire (D2N2)</b>	5 private sector, 4 Cllrs, 1 HE (Derby University)  10 total	Have 3 ESBS within the D2N2 area with a joint priorities statement aligned to D2N2 strategic priorities. Launching a skills plan shortly to inform schools, FE, providers and HE in their business planning and skills offers to meet employer needs and local skills shortages.
<b>Dorset</b>	9 private sector, 1 social/community enterprise, 4 Cllrs, 1 HE (Bournemouth University), 1 FE (Bournemouth & Poole College)  16 total	Chair was former Pro-Chancellor at Cranfield University. One private sector rep is also a senior lecturer at Bournemouth University.  Have an ESB responsible for their 'talented' theme.

<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>Enterprise M3 (Guilford, Surrey, Hampshire)</b>	8 private sector, 5 Cllrs, 1 voluntary sector, 1 armed forces, 1 HE (Surrey University)  16 total	Skills & employment action group aims to raise skills and improve employment outcomes
<b>Gloucestershire</b>	6 private sector, 2 Cllrs, 1 FE (Gloucestershire College), 1 HE (University of Gloucestershire)  10 total	3 year ambition to: Establish a countywide schools/business enterprise programme,  increase the uptake of vocational training and apprenticeships.  Have sector groups with  FE/HE reps assigned to each, developing reports on sector skills gaps.
<b>Greater Birmingham &amp; Solihull</b>	9 private sector, 7 Cllrs, 1 HE (Birmingham University), 1 FE (Birmingham Metropolitan College)  18 total	Have a Skills for Growth compact as part of their City Deal. This will link up young people to employment, getting local businesses into schools and colleges to lecture, mentor and train. The LEP has committed to recruiting 25% of businesses to the Compact by 2015.  A Skills for Growth Hub will also be created to increase the number of apprenticeships in high growth and key employment sectors. The LEP has received an allocation of 3,560 Apprenticeship Grants for Employers (AGE) grants.



<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>Greater Cambridge &amp; Greater Peterborough</b>	7 private sector, 5 Cllrs, 1 Education (currently HE – Anglia Ruskin University), 1 voluntary sector  14 total	One private sector rep is also Cavendish Professor of Physics at Cambridge University.  Creating a skills strategy through a skills strategy group (comprised of ‘a range of businesses, education providers and the public sector’) tailored towards the requirements of local businesses.  Delivering an SFA project to map and deliver the skills required for Alconbury Enterprise Zone.
<b>Greater Lincolnshire</b>	8 private sector, 5 Cllrs, 1 NHS, 1 Environment Agency, 1 HE (university of Lincoln)  16 total	A key priority is to improve the skills and employability of the workforce. Have skills reports for 3 of their key sectors.
<b>Greater Manchester</b>	8 private sector, 4 Cllrs, 1 HE (University of Manchester)  13 total	One private sector member is a training provider.  Have a City Deal with skills ask - an extra 6,000 apprenticeships through SMEs and to link mainstream skills funding to local economic priorities.  State they will work ‘closely with local colleges and providers to connect services to local businesses and our most deprived communities’.  Have an ESB with membership of Cllrs, TUC, LAs, HE, FE, providers, NAS, JCP, SFA, EFA and private sector.

<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>Humber</b>	9 private sector, 3 Cllrs, 1 HE (Hull University)  13 total	Have a Skills Commission currently gathering evidence for report during 2013. Will shape skills part of City Deal bid and form evidence base for setting LEP priorities. Commission chaired by Nic Dakin, MP for Scunthorpe and membership of LEP Chair, 6 private sector, 1 HE, 1 FE.  Setting up an ESB, recruiting for a membership of 6-8 private sector, 2 FE/6 <sup>th</sup> Form, 2 training providers, 2 Headteachers, 1 voluntary sector. The ESB will be responsible for developing and delivering an employment and skills strategy for the LEP area.
<b>Lancashire</b>	10 private sector, 5 Cllrs, 1 HE (UCLan)  16 total	One private sector member is also Professor at Liverpool Hope University and one is Director of the National Skills Academy for Nuclear.
<b>Leeds City Region</b>	8 private sector, 8 Cllrs, 1 HE (York University)  17 total	Regular publication of labour market analysis and skills needs to ensure LEP priorities are in line with labour market need.  Have a skills partnership agreement 'supporting individuals, employers, and businesses to access the skills needed to achieve growth. Signatories include 12 FE, 8 HE & 4 provider consortia.  Have an ESB which has produced a number of sector fact sheets on job prospects. Membership of 7 private sector, 5 Cllrs, 1 FE (consortium rep), 1 LA, 1 SFA, 1 JCP.

LEP	Board Membership	Other Info
<b>Leicester &amp; Leicestershire</b>	8 private sector, 6 Cllrs, 1 HE (University of Leicester) 1 FE (North Warwickshire & Hinckley College), 1 voluntary sector  17 total	Publishing a skills need assessment particularly looking at the impact of the expansion of the MIRA Technology Park (due April 2013).  Say they regularly talk to SFA, Colleges and HE.
<b>Liverpool City Region</b>	9 private sector, 6 Cllrs, 1 HE (University of Liverpool)  16 total	Operates a subscription based membership system for three categories: corporate, conference and tourism.  Has an employment & skills strategy, an apprenticeship strategy and a knowledge economy for growth report identifying their key sectors.  Has an ESB to implement the employment and skills strategy.  Has a City Deal including payment by results in adult skills and better LMI for business, providers and learners, a skills for growth bank encouraging employer co-investment and skills funding devolution
<b>London Enterprise Panel</b>	7 private sector, 3 Cllrs  10 total	Unusually has co-chairs from private and public sector (Deputy Mayor) but London LEP not quite the same status as other LEPs as Mayor has ultimate responsibility for its work.  Has skills and employment working group to propose priorities for 14+ skills and making recommendations to LEP and Mayor. Membership is 5 private sector, 1 Cllr, 1 FE (AoC), 1 HE, 1 JCP, 2 Voluntary sector (1 provider, 1 think tank)

<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>New Anglia</b>	7 private sector, 6 Cllrs, 1 HE/FE (currently HE – University of East Anglia)  14 total	
<b>North Eastern</b>	9 private sector, 7 Cllrs, 1 HE (Newcastle University), 1 FE (Bishop Auckland College)  18 total	Creating a skills action plan in collaboration with employers, education and training providers and other stakeholders.
<b>Northamptonshire</b>	12 private sector, 2 Cllrs, 1 HE (Northampton University), 1 voluntary sector (healthcare)  16 total	
<b>Oxfordshire</b>	8 private sector, 3 Cllrs, 2 HE (Oxford and Oxford Brookes Universities), 1 FE (Oxford and Cherwell College)  14 total	Has Oxfordshire Skills Board which has produced a skills needs analysis which will be refreshed every 6 months. Membership of 5 private sector, 1 training provider, 1 FE, 1 HE, 2 Headteachers, 1 JCP, 3 Cllrs, 1 voluntary sector (representing over 100 organisations).
<b>Sheffield City Region</b>	8 private sector, 8 Cllrs, 1 HE (Sheffield Hallam University)  17 total	Have a 'skills made easy' programme for SMEs. Also the skills City Deal including 4,000 new apprenticeship places, a 3 year joint investment scheme with £44.4m of local public and private funds and £23.8m of central govt funds.  Have a city region ESB

<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>Solent</b>	<p>8 private sector (First LEP to have elected all private sector members), 5 Cllrs, 1 FE/HE (currently HE, University of Portsmouth)</p> <p>14 total</p>	<p>Adopted a Policy Framework 'The use of Developers' Contributions to Provide Workforce Training' in January 2011. This encourages the Solent LEP authorities to request financial or in kind contributions towards training, apprenticeships, employment advice, interview guarantees, work placements, transport arrangements and childcare.</p> <p>Developed the Solent Talent Bank framework to create 800 new jobs, 400 new apprenticeships and 600 work experience trials (in the period to 2014), with the explicit intention of developing and retaining the talents of the resident labour force. It partners employers, developers, National Skills Academies, skills providers, funding agencies, local authorities and other stakeholders. Solent Apprentices for Business has also been created – a one-stop-shop apprenticeship training agency, focused on SMEs.</p>

<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>South East</b>	<p>East Sussex members: 5 private sector, 5 Cllrs, 1 HE (University of Brighton), 1 FE (Sussex Downs College)</p> <p>Essex members: 7 private sector, 6 Cllrs, 1 LA, 2 FE (federation of Essex Colleges &amp; Writtle College)</p> <p>Kent members: 7 private sector, 7 Cllrs, 1 HE (University of Kent), 1 FE (East Kent College)</p> <p>44 total</p>	<p>Has a skills group formed of local training providers, representative organisations for colleges and training provision, Local Authorities and government bodies such as National Apprenticeship scheme and Job Centre Plus.</p> <p>The Skills group has worked closely with New Anglia LEP to develop the Training and Apprenticeships in Construction (TrAC) agency. It will work with over 2,200 construction firms of all sizes to actively recruit and place hundreds of new apprentices in the industry by developing skilled workers and find suitable placements for apprentices, promote careers in construction and arrange work experience programmes.</p>
<b>South East Midlands</b>	<p>7 private sector, 6 Cllrs, 1 HE (University of Northampton), 1 voluntary sector</p> <p>15 total</p>	<p>working with and through the existing further education and private training providers, South East Midlands Universities (SEMU), local authority officers, the Skills Funding Agency (SFA), relevant Sector Skills Councils (SSCs) and other appropriate bodies, SEMLEP will develop a SEMLEP wide Funding Skills Outcomes Plan that defines the range of fundable outcomes that match SEMLEP's business needs and maximises revenue available to providers to raise skills levels across the area</p>
<b>Stoke &amp; Staffordshire</b>	<p>10 private sector, 7 Cllrs, 2 LA, 1 HE (Keele University)</p> <p>20 total</p>	<p>Have FE and HE observers at the Board</p> <p>Have 9 Associate Board members, 1 of which is HE (University of Staffordshire)</p>

<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>Swindon &amp; Wiltshire</b>	10 private sector, 2 Cllrs, 1 Armed Forces, 1 FE/HE (currently Chair of Wiltshire College)  14 total	
<b>Tees Valley Unlimited</b>	7 private sector, 5 Cllrs, 1 HE (University of Teesside)  13 total	Have an employment, learning and skills group delivering their skills action plan. Want to increase number of people with high level skills by 5%.  Have an online skills portal for LMI, signposting, sector information.
<b>Thames Valley Berkshire</b>	Board is 'the forum', the shareholding body of the LEP. 6 private sector, 4 business group reps, 1 HE (University of Reading), 1 FE (Newbury College), 2 community groups, 3 advisors  16 total	Have disseminated LMI and sector analyses to schools and colleges
<b>The Marches</b>	5 private sector, 3 Cllrs, 1 HE (University of Wolverhampton)  9 total	

<b>LEP</b>	<b>Board Membership</b>	<b>Other Info</b>
<b>West of England</b>	5 private sector, 4 Cllrs, 1 HE (University of Bath)  10 total	One private sector Board member is also employed by Bristol University. Have a skills cross cutting group Producing employment, skills & labour market reports and developing a Skills Plan to inform the planning of training provision, particularly for FE colleges. Established an apprenticeships hub website in partnership with National Apprenticeship Service. Training providers are encouraging employers to grow their businesses by taking on apprentices in Bristol, Bath, Weston-super-Mare and the surrounding countryside Graduate talent initiative – encouraging local business to employ graduates from the LEP area universities Set up Chartermark - a business defined and assessed quality mark which any educational institution (school, college or university) can sign up to. It commits them to ensuring that their pupils or students are work-ready.
<b>Worcestershire</b>	5 private sector, 3 Cllrs, 1 FE (North Worcestershire college)  9 total	Have an ESB with 2 skills priorities – increasing apprenticeship places and take-up & increasing private sector investment, and strengthen the education (schools, HE and FE) and business relationship.
<b>York, North Yorkshire &amp; East Riding</b>	9 private sector, 6 Cllrs, 1 HE (University of York)	

This gives a flavour of how variable the LEPs are, both in their Board make up and the work they are undertaking.