

Local Enterprise Partnerships

SUMMARY

- 1.1 On 29 June 2010 the Secretaries of State for *Business Innovation and Skills* and *Communities and Local Government*, wrote to Local Authority Leaders and Chief Executives and to business leaders, inviting their submission of proposals about the establishment of Local Enterprise Partnerships (LEPs).
- 1.2 Derby City Council has consulted with neighbouring authorities and business leaders, looked at a number of options for the geographical and economic area that an LEP including Derby City might cover, and developed a business case for Derby, East Staffordshire and Derbyshire Economic Region LEP. A second option which we would consider is an LEP including Derby, Derbyshire, East Staffordshire plus Nottingham City and Nottinghamshire County
- 1.3 Submissions to Government have to be made by 6 September 2010, although informally bids have been encouraged earlier. Derby City Council would like to submit our proposals by the end of July.

RECOMMENDATION

- 2.1 To approve the following options for a Local Enterprise Partnership and the submission of a bid for a Derby City Region Local Enterprise Partnership by the end of July:

Option 1: An LEP including Derby City, Derbyshire County and East Staffordshire

Option 2: An LEP including Derby City, Derbyshire County, East Staffordshire, Nottingham City and Nottinghamshire County

SUPPORTING INFORMATION

- 3.1 The Coalition Government has announced the proposed dissolution of all existing regional structures, including the Regional Development Agencies and potentially Government Offices, and the pursuit of a new 'Localism' agenda. This involves the devolution of power and resource away from Whitehall. On 29 June 2010 the Secretaries of State for *Business Innovation and Skills* and *Communities and Local Government*, wrote to Local Authority Leaders and Chief Executives and to business leaders, inviting their submission of proposals about the establishment of Local Enterprise Partnerships (LEPs).
- 3.2 The Government has invited submissions for Local Enterprise Partnerships, by 6 September. The LEPs will have the following characteristics:
- Strong partnership between private and public sector
 - Business playing a leading role on the Board
 - Covering 'functional economic areas'
 - Thinking and acting strategically.
- LEPs will take on responsibility for:
- Planning and Housing
 - Local Transport and Infrastructure priorities
 - Employment and Enterprise
 - Measures to support the transition to the Low Carbon Economy.
- 3.3 LEPs will become the body which create and oversee the realisation of strategies for planning, economic development, transport, housing and infrastructure development within their natural economic areas. They must provide at a local level the strategic context for economic growth previously provided by the Regional Spatial Strategy and Regional Economic Strategy. The Government is looking for LEPs that can offer opportunities to deliver sustainable economic growth - creating new private sector jobs and investment - supported by complementary housing and infrastructure developments. Neighbouring LEPs will be expected to work together on bigger strategic issues such as major transport infrastructure.
- 3.4 The Government has also announced the establishment of a 'Regional Growth Fund' to devolve some former RDA budgets to local levels. Currently details remain sparse about the allocation of this £1bn capital funding, but the CSR in October will clarify where the spending priorities rest and what level of resources will be devolved to help LEPs deliver their responsibilities. Partners in a Derby City Region LEP may wish to make a submission for Regional Growth Fund resources.

- 3.5 The main factors that are felt to be most pertinent to any decision about the formation of a LEP for the Derby City Region are:
- Economy and Geography – what size of area and what type of economic characteristics should be taken into account?
 - Responsibility and Resources – what range of functions would the LEP take on and how might these be paid for?
 - Governance and Business Engagement – how could the LEP be organised and how would business leaders be involved in the most meaningful ways?

Appendix 1 to this report includes consideration of the above issues and a detailed economic rationale for the preferred option

3.6 Derby City have considered four options for a LEP:

Option 1: Single LEP for all of Derbyshire and East Staffordshire:

This option presents a justifiable scale (over 1million population) and a coherent “functional economic area”. The functions of planning and housing, transport and infrastructure, employment and enterprise would all be best covered at this sub-regional level. It would be in a sufficiently strong position to influence Government and neighbouring LEPs and is supported by business representatives already involved in existing partnership groups. This option is supported by all constituent local authorities, all Derbyshire MPs, the chairmen of the existing Economic Partnerships in both City and County (both of whom are private sector), the University of Derby and Derbyshire NHS Trust

This option is therefore considered the preferred Option upon which to base a LEP submission

Option 2: Single LEP for all of Derbyshire and Nottinghamshire

Like Option 1, this option also presents a justifiable scale. Assuming consensus could be reached on the bigger strategic issues, it would be in an even stronger position to influence Central Government and neighbouring LEPs. It is clear that the Derbyshire and Nottinghamshire Chamber of Commerce favour this option but it is not yet fully known how individual businesses might respond to this proposal. It is felt that this Option offers a less convincing case for being a “functional economic area”. It would be a weaker proposition in terms of delivering on the “localism” agenda.

On balance the case for Option 2 seems weaker than for Option 1 but it does have strong merit

Option 3: Single Countywide LEP for all Derbyshire:

A whole county option offers certainty about the boundary and could create sufficient scale to represent the political and economic interests of all component authorities. It should meet the minimum size threshold but parts of the Derby Travel to Work Area (TTWA) and actual economic boundary would be excluded.

This option has therefore been discounted

Option 4: LEP loosely based on Derby’s TTWA and existing Housing Market Area boundary

This option would be capable of demonstrating a “functional economic area” but would be smaller than any other LEP in the East Midlands. It could offer a LEP that would be able to direct the economic and spatial strategies for Derby and the economic hinterland of the city in ways that maximise the benefits of our local economic strengths. This area also contains a significant number of international companies such as Rolls-Royce, Toyota, Bombardier, JCB and Citibank (Egg). However, without the support for this proposal from the Derbyshire County Council, it would also fail to deliver a partnership containing more than 1 upper tier authority. The resident population of this area is below the required threshold and it may not have enough critical mass to secure Derby City Region’s requirements against competing demands from Nottingham and Leicester

This option has therefore been discounted

For more information contact: Name Catherine Williams e-mail: catherine.williams@derby.gov.uk

Background papers: None

List of appendices: Appendix 2 – Business Case

Appendix 1

IMPLICATIONS

Financial

- 1.1 None at this stage. It is too early to specify the potential cost of administering an LEP or estimate the potential funding that the LEP could lever in.

Legal

- 2.1 None at this stage. Our submission is an expression of interest to Central Government and will not form any contractual agreement.

Personnel

- 3.1 None at this stage. Consideration will need to be given to the transition between existing sub-regional partnership arrangements and LEPs including assets and liabilities.

Equalities Impact

- 4.1 None at this stage.

Corporate objectives and priorities for change

- 5.1 Our submission for LEP status directly supports the Corporate Objectives of promoting City Growth and the work of the LEP will potentially have benefits for all areas of the Corporate Plan