

LEP Review – First Response (Geography)

1. Purpose

- 1.1 The purpose of this paper is to agree SELEP's first response to the Government's LEP Review, particular to the geography of the LEP.

2. Recommendations

- 2.1 To agree the first of the LEP's two submissions to the Government's LEP Review (**included below as Appendix A**)
- 2.2 Specifically, to agree that it is submitted on the basis of retaining the SELEP geography
- 2.3 To mandate the Chair to embark on conversations with Government and advocate the retention of as much of SELEP's current operating framework as possible. This to include:
- The adoption of a corporate form which is cost effective and embraces our way of working, respecting the principle of subsidiarity and decision-making at the most local possible level;
 - Confirmation of the retention of the Lewes District Council and Uttlesford District Council areas within SELEP;
 - Further clarification from Government on how the co-opted membership (+5) could be applied to the stated upper limits on Board membership (20), alongside a discussion around the total Board membership quantum appropriate to lead the SELEP area;
 - A discussion on the practicalities of moving to a Board ratio which is 2/3rds private sector and the risks and challenges of taking such an approach; and
 - Our commitment to achieving a positive and appropriate level of diversity on the Board, including gender balance.
- 2.4 To note all correspondence and supporting material released during the LEP Review, not least the '[SELEP the story so far](#)' document which provides some narrative on the area as a sensible geography for a partnership of this nature and focuses on some of SELEP's achievements to date.
- 2.5 To note that the second response to Government will be developed by the SELEP team with the support of a steering group constituted of at least one officer representative per federated area with oversight provided by the Chairman. The draft response will be presented to the Board on the 25th October for approval.

3. Background

- 3.1 Government published the 'Strengthened Local Enterprise Partnerships' document in late July. The document reaffirms the role of LEPs in national policy around growth and sets out Government's new expectations of LEPs – driven largely by the requirement for LEPs to be trusted recipients of significant new funding streams, such as the UK Shared Prosperity Fund (UK SPF) from March 2021.

- 3.2 Government has asked all LEPs to respond to the Review twice. Firstly, on geography (by 28th September) and secondly, with wider transition plans covering the whole gamut of changes proposed (by 31st October).
- 3.3 Our decision today is on the Annex B geography submission only. On this, Government has asked for *proposals [...] on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers*. It is clear from conversations with officials that Government’s priority from the perspective of geography is to remove overlaps of LEPs – the retention of which being somewhat at odds with the straightforward way in which it would like to manage UK SPF in the future. Neither the LEP Review nor our conversations with officials suggest that existing LEPs should be split. It is our understanding that Government would like the number of LEPs to reduce from the existing 38 to a number closer to 20-25.
- 3.4 The LEP Review impacts across the LEP’s work and has inspired a reaction in all of our partners over recent months. The section below attempts to succinctly summarise the position according to the following order:
- a. Where we deliver already
 - b. Issues to address: overlaps, incorporation and composition
 - c. Our objectives
 - d. Dialogue with Government
 - e. Transition planning
 - f. Local stakeholder opinion

a. **Where we deliver already**

Board members will be aware that SELEP operates in an entirely transparent manner, with the Accountability Board in particular offering a level of assurance seldom replicated elsewhere. The table below draws on some of the narrative from the Review.

Review recommendation	SELEP position	Status
Develop an evidence-based Local Industrial Strategy that sets out a long-term economic vision for their area based on local consultation.	The development of a local evidence base through work to update SELEP’s Strategic Economic Plan is almost complete. This will play a key role in informing LIS(s) which manifest in the area.	
Publish an annual delivery plan and end of year report . This will include key performance indicators to assess the impact of their Local Industrial Strategy, funding and interventions. It will inform objective assessment on Local Enterprise Partnership performance both nationally and locally.	An annual report has been prepared during each financial year since 2015/16. The scope of this report will be further developed to align with Governments expectations. The regular reporting to the SELEP Accountability Board and Strategic Board on the delivery of SELEP’s Growth Deal, Assurance Framework and the wide range of activities across SELEP’s agenda provides an informed evidence basis to ensure a comprehensive end of year report is prepared on SELEP’s activities and achievements to inform further end of year reports.	
Consult widely and transparently with the business community before appointing a new Chair ; and introduce defined term limits for Chairs and Deputy Chairs in line	SELEP has in place a strong business leader and advocate of the local area as its Chair person. The appointment of the Chair was made through an open and transparent approach, agreed by the Accountability Board and was	



with best practice in the private sector.

advertised through local and national media outlets. A recruitment consultant was appointed to help promote the opportunity beyond SELEP’s existing networks and a panel of Strategic Board members were appointed to consider applications.

The SELEP Terms of Reference make clear than the Chair should be from the private sector and that their performance should be subject to review.

A review was completed by Members of SELEP’s Strategic Board in March 2018 and the Board agreed to re-appoint the Chair on a further two year basis, as per the conditions of the Chairmanship.

Set out clearly and transparently the **responsibilities** of the **Chair, Board, Director, and Accountable Body**, including over spending decisions, appointments, and governance.

The SELEP Assurance Framework clearly sets out the role of the SELEP Chair, Managing Director, Accountable Body and all SELEP Board s, in respect of roles, responsibilities, governance and accountability.

Furthermore, SELEP has defined clear processes should a conflict arise between the SELEP Accountability Board, as the accountability structure for decision-making approval of funding, and the Accountable Body.

Hold **annual general meetings open to the public** to attend to ensure the communities that they represent can understand and influence the economic plans for the area.

All SELEP Strategic Board , Accountability Board and Annual General Meetings are held in public and information relating to decisions is made publically available, including forward plan of decisions, agenda and meeting reports, record of decisions and meeting minutes.

Furthermore, SELEP has in place a Policy for Public Questions and public questions have been received by the Accountability Board on a number of occasions. SELEP is now going further in ensuring openness and transparency by recording all Strategic Board and Accountability Board meetings.

Collaborate across boundaries where interests are aligned when developing strategies and interventions to maximise their impact across their different objectives.

SELEP has demonstrated its ability to work collaboratively with other neighbouring LEPs, such as in supporting the emerging Sub National Transport Bodies and most recently, through working in partnership with Coast to Capital and Enterprise M3 on the development of the Tri-LEP Energy Strategy and with a wider spectrum of partners on the emergent Energy Hub. We have jointly commissioned the Thames Estuary Production Corridor with London LEAP, work with Hertfordshire LEP on the Garden Town agenda and collaborate with New Anglia on the Great Eastern Main Line. Science and Innovation Audits also ensured that we worked with a broad spectrum of LEP partners.

Develop a strong local evidence base of economic strengths, weaknesses and comparative advantages within a national and international context. This will be supported by robust evaluation of individual projects and interventions.

SELEP already demonstrated best practice in term of the robust evaluation of individual projects and interventions. Since the commencement of the Growth Deal in 2015, all Local Growth Fund projects have been subject to independent scrutiny by SELEP's appointed Independent Technical Evaluator prior to funding awards. This robust evaluation of projects prior to funding award provides reassurance that all SELEP funding investments delivery Value for Money.

SELEP's well established processes for the independent scrutiny of projects apply not just to Local Growth Fund project but also apply to the Growing Places Fund (GPF) recyclable loan scheme and SELEPs Sector Support Fund (SSF) revenue.

Actively participate in relevant local authority scrutiny panel enquiries to ensure effective and appropriate democratic scrutiny of their investment decisions.

SELEP has clearly defined scrutiny arrangements in place, with Members of any partner authority able to call in a decision made by the Accountability Board. To date, no decisions made by SELEP have been called in by a member of a partner authority though we have already and continue to report to Local Authority committees where they relate to economic growth.

b. Issues to address: overlaps, incorporation and composition

Overlaps

It should be our wish to retain the districts of Uttlesford and Lewes within SELEP for the purposes of LEP business and future work vis-à-vis UK SPF. It is our clear understanding that **Uttlesford DC**, previously shared with Greater Cambridge Greater Peterborough (GCGP) LEP, will default to Essex and therefore SELEP, as the former LEP in Cambridge will be aligning to the Mayoral Combined Authority (MCA) area for Cambridgeshire and Peterborough as per the recommendation in the LEP Review. Local political conversations have also supported this position.

Currently **Lewes DC** in East Sussex is shared with Coast 2 Capital LEP. This arrangement has, in particular, served Newhaven well, with both SELEP and Coast 2 Capital having invested funding into the area. Newhaven is a key target for improving life outcomes, employment opportunities and wider regeneration which supports not only the town but surrounding communities. This was recognised by the Enterprise Zone designation for Newhaven – which has acted as a further catalyst for wider regeneration projects and additional investment.

SELEP are clear that in seeking to remove geographical overlaps and given the needs in Newhaven particularly around skills and infrastructure, it should remain wholly in SELEP. The review makes reference to respecting county boundaries, which is also pertinent here, as is the need for strong alignment and partnership between the Local Transport Authority, Local Education Authority and the recently merged East Sussex College Group.

We are aware that Coast to Capital LEP is also proposing to Government that Lewes remains with them. Given the very positive working relationship between the two LEPs, we have both committed to work positively with the Government's view on removing the overlap.

Incorporation

We are working with other LEPs to investigate the options around adopting a different legal personality, but should only consider adopting a corporate form which is both cost effective and fully embracing of our federated model. Maintaining the principle of subsidiarity will be a central tenet of any given iteration of SELEP.

The LEP Network are currently supporting all 38 LEPs in commissioning legal advice on corporate models and are canvassing inputs from LEPs with existing corporate structures. Our contribution to that commission is to ensure that we receive advice around what model would best fit our federal structure, and that we are able to move to a new model with minimal costs to the taxpayer.

Composition

While we are supportive of Government's desire to see more diversity across all LEPs, and set down an empirical measure to get there, we will be **seeking further clarification from Government around the proposal that Boards should be limited to 20 members**, as we would be concerned to retain a Board size befitting of a LEP with the size and influence of ours. At full strength we have a Strategic Board of 28 members. To depart too far from this could affect the democratic legitimacy and broad business representation that we have worked hard to establish. Government discusses the possibility of having up to five co-opted Board members (hence a total of 25 Board members seems within scope), and we will be working to ensure that we can arrive at a pragmatic solution.

We need to open a dialogue **with Government and with other LEP partners too on the push for a Board which is two-thirds business**. Early conversations with businesses suggests that while they rightly expect to be equal partners in LEPs, a move to be the clear majority responsible stakeholders could present businesses with risks which they consider should sit with the local authorities charged with delivering LEP-sponsored interventions. We currently have a healthy majority of private sector members on the SELEP Board (15 out of 28) which we think represents a balanced partnership position.

c. Our objectives

It should be our aim to revert to normal business as soon as possible and to not lose the momentum in delivery that we have steadily built. Our focus should remain on spending LGF within financial year 2018/19 and delivering the refreshed SEP and the Energy Strategy as a minimum. We are better positioned than most LEPs in respect of EU Structural Funds and should ensure that we remain at the forefront of that agenda.

In implementing the agreed approach to the LEP Review, we should ensure that we plan a phased transition and one which is respectful of the parallel development of other groups supporting this agenda, whether this relates to Sub-National Transport Bodies, Skills Advisory Panels, the Regional Energy Hub or, indeed, important developing local arrangements which are built on collaboration between multiple SELEP partners such as the East Sussex College Group or the Association of South Essex Local Authorities (ASELA).

d. Dialogue with Government

Board members should be aware that various SELEP engagements are planned with senior Whitehall officials over the course of October – related to the LEP Review or closely linked matters, such as the continued implementation of the outcomes of the Deep Dive earlier in the year. These include:

- Meeting with CLGU colleagues on Deep Dive and LEP Review, 16th October PM
- Visit from senior Whitehall sponsor (Rachel Maclean), 17th October All Day (venue to be determined)
- Meeting with Stephen Jones & the Chair and Vice Chairs, 22nd October PM
- Special Strategic Board , 25th October AM

Please contact Adam Bryan if you are interested in feeding in to any of the above meetings.

The recent conversation with Stephen Jones, Director of the Cities and Local Growth Unit (CLGU) provided the Chair and Vice Chairs with some clarity around Government's expectation of our response to the Review and they will be able to use the Board meeting to reflect on the outcome of it.

e. Transition planning

As mentioned above, Government's expectation is for an implementation/transition plan to be submitted by the 31st October. This will be developed with officers across the local areas over the coming two to three weeks, and the return to Government will be submitted to the Board in advance of the special Board meeting in October. We will need to be clear with Government as to what can be implemented quickly, what we will need to phase in over a longer period of time, and what presents more of a challenge.

Adam Bryan will seek to convene a working group of at least one officer representative per federated area and the Accountable Body, with oversight provided by the Chairman. Dates for these meetings will be agreed as soon as possible (i.e., Monday). This is in addition to normal working practices, which includes frequent bilateral conversations with stakeholders across the area, and meetings of the LEP Senior Officer Group.

f. Local stakeholder opinion

Local recognition of the progress that SELEP has made as it has reached a stage of maturity has been present and very positive. Linked to this, there is a strong message from our businesses that the LEP Review provides a distraction at a critically difficult time for the economy – particularly in this corner of the country. Our energies, businesses tell us, might be better deployed elsewhere.

Local authority partners have been clear with us that either a) that they support the continuation of SELEP without caveat, or b) that they support the continuation of SELEP on the basis that we are able to retain our current model of operation, or stay as close to it as possible. On that basis, the Chair is clear that his task over the coming weeks is to talk to Ministers and Senior Officials and to achieve a pragmatic solution to the implementation of the LEP Review across the South East LEP.

4. Position

- 4.1 SELEP delivers strongly because of its federal model, the principles upon which it works and the efficient and cost-effective operation in the centre. The changes proposed by the LEP Review therefore require careful, continued, consideration.
- 4.2 Our starting point should be to capitalise on the progress made to date and to submit a status quo return on geography to Government on 28th September, noting that the following issues will need to be clarified by Ministers and discussed with senior officials at the next available opportunity:
 - a. The adoption of a corporate form which is cost effective and embraces our way of working, respecting the principle of subsidiarity and decision-making at the most local possible level;
 - b. Confirmation of the retention of the Lewes District Council and Uttlesford District Council areas within SELEP;
 - c. Further clarification from Government on how the co-opted membership (+5) could be applied to the stated upper limits on Board membership (20), alongside a discussion around the total Board membership quantum appropriate to lead the SELEP area;
 - d. A discussion on the practicalities of moving to a Board ratio which is 2/3rds private sector and the risks and challenges of taking such an approach; and
 - e. Our commitment to achieving a positive and appropriate level of diversity on the Board, including gender balance.

5. Next steps

- 5.1 The submission to Government on geography will be issued immediately upon its agreement at the meeting, inclusive of any changes or amendments tabled at the meeting and subsequently agreed by the Board.
- 5.2 Consultation with Board members and federated Board will continue throughout October, and an additional Strategic Board meeting has been called for **Thursday 25th October, 10am in Purfleet**, to enable a discussion on governance arrangements and a decision on the technicalities of the final submission to Government.
- 5.3 Given that Government expect submissions to indicate a direction of travel rather than report on full implementation of the Review's recommendations, whatever the nature of the next step it is anticipated that progress will be reported to the Accountability Board and Strategic Board for the foreseeable future.

6. Accountable Body Comments

- 6.1 Any changes considered to the structure of the LEP will need to take into account the following:
 - a. The impact on in-flight projects and their delivery should these fall outside the current boundaries of their existing LEP.
 - b. The impact on any existing contracts in place with Essex County Council on behalf of the SELEP.

- c. The requirement for LEPs to have a Local Authority operating as its Accountable Body.

- 6.2 At time of writing, no further specific risks arising from this process have been identified, but the uncertainty pertaining to future structures and the high possibility of risks emerging should be noted.
- 6.3 It is understood that SELEP are working with the LEP network who are commissioning legal advice on options for corporate models and are canvassing inputs from LEPs with existing corporate structures. Further legal and financial advice is expected to be required by SELEP and the Accountable Body, to advise the Board on the most appropriate options for SELEP on-going with regard to incorporation; and to support the Board in the effective transfer to any agreed arrangements.

Author: Chris Brodie
Position: Chair of SELEP
Date: 26th September 2018

Appendix A

Starts -

Annex B: Geography proposal response template (300 word limit overall)

LEP Name: South East

Please outline the LEP's plans to address the geography recommendations below, noting the guidance provided by the Unit. In your response, you should outline any key milestones, risks and issues.

Proposals should be submitted to LEPpolicy@communities.gsi.gov.uk **no later than 28 September 2018**, copying in your Area Lead.

Geography

Recommendation:

As Local Enterprise Partnerships are central to future economic growth, Government will ask Local Enterprise Partnership Chairs and local stakeholders to come forward with considered **proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers.** ...These proposals should be submitted by 28 September 2018. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this.

Information required in geography proposal:

All LEPs should outline their response to the Government's recommendations on geography no later than **28 September 2018**.

Those LEPs proposing geography changes should provide detail of the proposed changes. In your response you should outline why these changes would be suitable for your local area. These proposals should include timescales for the transition to different geographies. LEPs should work with the LEP Network and neighbouring LEPs to ensure a shared understanding of the geography changes being proposed exists.

For LEPs who are proposing no changes you should respond briefly outlining why no change is required. For LEPs in MCA areas, these proposals should consider the current relationship between the MCA and LEP geographies. All LEPs should aim to have revised geographies (if required), by **spring 2020**.

LEP response

Please outline the LEP's response to the recommendation. The response should consider the information

required, outlined above:

The South East Local Enterprise Partnership (SELEP) proposes NO change to its current geographical borders, which encompass the local authority areas of Essex County Council, Thurrock Council, Southend-on-Sea Borough Council, Medway Council, Kent County Council and East Sussex County Council.

The SELEP Strategic Board accepts the need for incorporation and is a strong supporter of the requirement to move to more representative Boards with a better gender and protected characteristics balance across all decision making and influencing groups.

SELEP is already in the process of adopting defined limit terms for Board members and ensuring that open and transparent recruitment processes are in place for all decision making groupings within the SELEP structure.

However, this proposal of no change is based upon the following principles:

- the SELEP will continue to operate a model rooted in the principle of subsidiarity;
- that there is opportunity to seek further clarification from Government on the size of LEP Boards; and
- that whilst a business majority for the Board is supported, we must maintain a balanced partnership position.

There are currently two areas of overlap within the SELEP geography. Uttlesford District Council is also within the Cambridgeshire and Peterborough CA area and Lewes District Council is also within the Coast to Capital LEP. SELEP's Strategic Board and partners agree that these two areas should become the sole responsibility of SELEP in terms of the LEP agenda and the future operation of UK SPF.

It is our clear understanding that **Uttlesford DC**, previously shared with Greater Cambridge Greater Peterborough (GCGP) LEP, will default to Essex and therefore SELEP, as the former LEP in Cambridge will be aligning to the MCA area as per the recommendation in the LEP Review. Local conversations support this assertion.

In respect of the **Lewes DC** area, SELEP Strategic Board strongly supports the inclusion of the area within our border and encourages Government to respect the county boundaries. SELEP will continue to support the initiatives for growth that Coast to Capital LEP has so ably put into place over the last eight years, including the same level of support for the Newhaven Enterprise Zone. The previous arrangement has, in particular, served Newhaven well, with both SELEP and Coast to Capital having invested funding into the area. Newhaven is a key target for improving life outcomes, employment opportunities and wider regeneration which supports not only the town but surrounding communities. This was recognised by the Enterprise Zone designation for Newhaven – which has acted as a further catalyst for wider regeneration projects and additional investment.

SELEP are clear that in seeking to remove geographical overlaps and given the needs in Newhaven particularly around skills and infrastructure, it should remain wholly in SELEP. The review makes reference

to respecting county boundaries, which is also pertinent here, as is the need for strong alignment and partnership between the Local Transport Authority, Local Education Authority and the recently merged East Sussex College Group.

While Coast to Capital LEP is seeking to retain Lewes within its area, our working relationship with Coast to Capital LEP, underpinned by joint work across a range of areas, is very positive. To that end, both LEPs are committed to working constructively with Government and with each other whatever the outcome of resolving the overlap.

Overall, the SELEP economy is increasingly conjoined. The growth of our ports, the logistics sector, the Thames Gateway, the movement of creatives along both sides of the Thames Estuary, the challenges shared by our coastal and rural communities and businesses, and our imperative to respond positively to London's eastward growth all indicate an economy with significant interdependencies and a need to work together to prosper. In addition to this, the Lower Thames Crossing will provide a major strip of economic adhesion and present significant opportunities for commercial and housing growth to which we need to provide a continued coordinated response.

Key milestones

Please indicate any key milestones the LEP is required to meet to address the above recommendation:

Following agreement by Government, SELEP will need to agree a cut over for responsibilities and projects that are currently in flight in the overlap areas but led by the Cambridgeshire Peterborough CA and Coast 2 Capital LEP. These will be bi-lateral agreements made between SELEP and each of the other two LEPs that work best for the projects and responsibilities in each area. Transfer of responsibilities will be complete by 31 March 2020.

Key risks and/or issues

Please indicate any risks or issues that may prevent the LEP meeting the recommendation above. The LEP should also outline how it is mitigating these risks.

The main risk that would prevent achieving the approach set out by SELEP would be a lack of a decisive response on the overlap issue, in particular if there is no resolution of border between SELEP and Coast to Capital LEP. SELEP will continue its dialogue with Coast to Capital LEP and push to expedite issues locally wherever possible, but ultimately Government will need to make a final decision.

A lack of further clarification on the issues that the SELEP Strategic Board wishes to discuss with Government over the coming months will also put the no change position into jeopardy.