



Policy Challenge Paper:  
**LEPs REVIEW**

May 2021

**ADEPT**

The Association of Directors of Environment, Economy, Planning & Transport

# POLICY CHALLENGE PAPER: LEPs REVIEW

The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) draws its membership from county, unitary and combined authorities across England along with local enterprise partnerships and sub-national transport bodies, and has 20 corporate partners, many of whom provide place-based services. Our diversity provides us with unique insights on place and how people interact within it.

## Future role of LEPs - key messages

We support the original purpose of LEPs, bringing together the public and private sectors at a place level. We welcome the review of their role and functions and believe that finding effective ways to engage business in local recovery, growth, productivity and job creation will continue to be essential. We recognise that removing responsibilities for local growth funding from LEPs prompts a rethink of their future objectives and functions. Finding effective ways to bring a business perspective, knowledge and capability into decision making will be good for local places and economies. In addition, business-led organisations are well placed to lead on functions such as business support, sector growth and inward investment.

‘Evolved LEPs’ must understand the importance of place, and how people and place interact in practice – they need to be able to operate at various place levels in order to deliver the economic, social and environmental outcomes that the Government is seeking:

- **They need to engage effectively with the key stakeholders that help to shape the health, environment, housing and infrastructure of places.**
- **They must operate effectively at the sub-regional level – the level where places are shaped by the housing market, travel to work and functional economic areas – they go to the heart of where people choose to live and work, and the level of mobility needed to make lives work in a way that is net carbon neutral.**
- **They need to be understandable, transparent, representative and accountable.**

The evolution of LEPs should build on the most effective elements of the current system and tackle the areas where improvements can be made.



## Background

**Local Enterprise Partnerships (LEPs) were introduced by the coalition government as a looser, more locally driven replacement for the nine Regional Development Agencies abolished in 2010/11. The 38 LEPs are partnerships between local businesses, councils and other public bodies, with the main aim being to drive local productivity and job creation. LEPs were tasked in 2018 with promoting productivity in their areas by developing local industrial strategies. The £1.5bn / year Local Growth Fund has been channelled through LEPs and combined authorities.**

A review of the governance and transparency of LEPs in 2016/17 led to the Local Enterprise Partnership governance and transparency: best practice guidance. A further review in 2018 led to LEPs' roles and responsibilities being set out in Strengthened Local Enterprise Partnerships, with reforms to their leadership, governance, accountability, financial reporting and geographical boundaries. The Government wanted LEPs to be independent and private sector led partnerships that are accountable to the communities they support.

LEPs were asked to develop an evidence-based Local Industrial Strategy (LIS) that set out a long-term economic vision for their area based on local consultation, and to monitor this through an annual delivery plan and end of year report with key performance indicators to assess the impact of the LIS, funding and interventions. They were asked to ensure that LEP Boards were to be more representative of their local businesses and communities.

In March 2021 the Government indicated a significant policy change by announcing that local authorities, not LEPs, would in future have decision-making and delivery responsibilities for local growth capital funding. Local authorities have been invited to bid directly for allocations from the £4.8bn Levelling Up Fund, the UK Community Renewal Fund and the Community Ownership Fund. In announcing this policy change, the Government said:

*“As we look towards the UK Shared Prosperity Fund next year, we are conscious of the need for an evolution of the way we support local economic growth so it can best support levelling up for the long term. The UK government will work with local partners throughout 2021 to develop an approach that delivers the infrastructure and regeneration priorities local leaders want to see in their area.”*

*“We will also be working with local businesses on the future role of LEPs. We want to ensure local businesses have clear representation and support in their area, in order to drive the recovery. We will work with LEPs over the coming months, with a view to announcing more detailed plans ahead of summer recess. This will also include consideration of LEP geographies.”*

According to media reports, the review will be divided into 2 phases. In the first phase, questions will cover the purpose and objectives of evolved LEPs, the functions they will have, and their size and number. The second phase is expected to examine how diverse and representative LEPs are, their relationship with local government, and how they will be funded.

## The importance of Place

Our members share a common commitment to shaping extraordinary places that work for local businesses and communities. 'Place' is created at a variety of levels:

- **homes and neighbourhoods**
- **localities where people access education, work, health services, recreation, etc.**
- **wider areas for the delivery of day-to-day place services including waste, transport and highways at a scale that is economic but can sustain meaningful democratic accountability**
- **sub-regional functional economic areas**
- **natural regions defined by catchments and landscapes where strategic infrastructure must be planned.**

## Positive aspects of the current system

- **Simplicity** – evolved LEP structures and processes must be as simple and accountable as possible, and not be made more complicated than existing systems. They must make sense to people – businesses and communities – in terms of their purpose and composition, as well as how they define the places where they live and work, ensuring that local involvement is key.
- **What works** – evolution must build on best practice from the experience of existing LEPs and bring all local stakeholders together to develop and deliver a clear strategy for skills, jobs and growth.
- **Coterminous boundaries** – success is often built on LEPs and local authorities having shared geographies (this may include multiple local authorities). There should be no overlaps. Future geographies must also be consistent with the Government's plans for devolution and local government reform.
- **Size** – the larger number of smaller LEP geographies now compared to the previous Regional Development Agencies (RDAs) gives more local focus and control to spread investment and activity more widely rather than just focus on a small number of regional growth hubs.



## Areas for improvement

- **Accountability and representation** – LEP memberships do not necessarily represent all business interests in their area and it is important that there should be a genuine business voice. Business representatives on LEP Boards should think and act in the interests of all sectors and of the area as a whole. Successful evolved LEPs will see business acting for place.
- **Financial accountability** – it is not always necessary or appropriate for public spending to be channelled or allocated through LEPs. However, if business-led bodies are spending public money they must be accountable to the democratic public sector.
- **Geography** – remove overlapping boundaries and have LEPs of a more consistent size and coverage. Geography can be a problem where there are two LEPs covering a single local authority area (or part of it). Accountability comes via the involvement of elected local authorities, so the geography of local growth bodies must be consistent with democratic boundaries.

- **Culture** – as well as clear boundaries, the operating culture of evolved LEPs must have a collaborative approach to working across boundaries and scaling up to work together at a regional level.
- **Partnership** – there must be effective links with regional growth partnerships such as the Northern Powerhouse and Midlands Engine, strategic planning initiatives such as the OxCam Arc, and sub-national transport bodies such as Transport for the North and Western Gateway as they develop regional transport investment strategies.
- **Flexibility** – evolved LEPs must be flexible enough to facilitate effective working across bigger and non-continuous geographies where this is required to meet the dynamics of particular sectors such as nuclear power, offshore wind, and shipping.
- **Local authority representation** – senior local political leaders are key to successful partnerships, but just as business representatives must take a strategic and non-partisan view so Councillors sitting on the boards of business-led bodies should operate as non-executive directors and put the interests of the wider place before any particular loyalties.
- **Climate change** – evolved LEPs must focus on delivering net zero carbon outcomes alongside building adaptation and resilience in order to help tackle the climate emergency and deliver the challenging trajectory to meet net zero.

## ADEPT's role

- We will continue to provide a forum where council place directors and their peers in LEPs/local growth bodies can engage in a meaningful but informal way and will provide this during the current review.
- We offer to contribute to any consultation and engagement process that MHCLG officials and Ministers will be undertaking as part of the LEP review, to help determine the evolving objectives and functions of LEPs.
- We will communicate the importance of place to enable the Government to better understand how people and places interact. We offer to work with Government to help ensure that policies are knitted together effectively and consistently.
- We will emphasise the need for long-term public funding to be devolved and allocated in accordance with local priorities, rather on a competitive project basis by Government. Poor spending decisions are often driven by impractical criteria, conditions and timescales set by Government.
- We will highlight the importance of maintaining local involvement and community engagement – local investment and growth strategies must work for local businesses and communities.
- We will emphasise the need for local government, whatever the structural changes might be, to be properly resourced to provide the best outcomes for people and places.



- ADEPT members are the place-making strategists and policy shapers across top tier local authority areas
- ADEPT members are specialists, delivering services and sharing best practice across key sectors including environment, planning, housing, transport and economy
- ADEPT members design strategies for the future, taking communities beyond 2035
- ADEPT members operate in networks, cutting through boundaries to work with partners across the political, public, private and community sectors
- ADEPT members provide opportunities to develop new talent, supporting the Place Directors of tomorrow

# ADEPT

The Association of Directors of Environment, Economy, Planning & Transport

[www.adeptnet.org.uk](http://www.adeptnet.org.uk)

