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**Title:** LEP Review Submission to Government

**Purpose:** To consider and agree the BTVLEP response to the LEP policy team in the Cities and Local Growth team to LEP Review template Annex B “Geography” required by September 28<sup>th</sup>, and to consider and discuss the response to Annex C ‘Implementation plan’, required no later than October 31st.

**Recommendation:**

- 1 Members are asked to approve the BTVLEP LEP Review Annex B response to government that:**
  - a) No change is proposed to the Functional Economic Market Area (FEMA) underpinning both BTVLEP Strategic Economic Plan and draft Buckinghamshire Local Industrial Strategy as Buckinghamshire represents the ‘best fit’ FEMA.
  - b) It is agreed to remove the current overlap, with Aylesbury Vale placed within BTVLEP and removed from SEMLEP.
  - c) No change is proposed to wider geography, at the present time, though government is asked to note the successful cross Growth Corridor LEP and Combined Authority collaborative work underway and the strong preference to consolidate this joint work.
- 2 Members are asked to agree points to be included within the BTVLEP LEP Review Annex C response to be finalised in October.**

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**1 Introduction**

The LEP Review “Strengthened LEPs” was published on 24<sup>th</sup> July. Government has asked Local Enterprise Partnership Chairs, together with local stakeholders, to come forward with considered proposals by the 28<sup>th</sup> September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successful delivery of the Review recommendations. In addition, Government will support all Local Enterprise Partnerships to collaborate across boundaries, where interests are aligned, when developing strategies and interventions to maximise their impact.

The BTVLEP Board had previously met on 24<sup>th</sup> May and having anticipated the Accountability and Performance recommendation for each LEP to become a “legal personality” agreed to establish a working group to review incorporation options. The executive subsequently commissioned a consultant, Peter Latchford of Black Radley Ltd, to scope governance change options. This work is now scheduled to be presented to the Board in December and will seek to establish a single economic development structure across the BTVLEP area. At the 24<sup>th</sup> July BTVLEP Board meeting, following release of the Review, the Board agreed to widen the remit of the working group to consider geography and to produce recommendations to be considered at this BTVLEP Board meeting ahead of the LEP Review Annex B response deadline.

A working group of board members met on August 29<sup>th</sup> to consider the issues arising from the LEP Review and to make recommendations to the main Board. A summary note of key points of this meeting was circulated to members on August 31<sup>st</sup>. The main actions arising from the working group meeting were:-

#### Geography

- Further definition and clarification required around the topic of Functional Economic Market Area.
- Recognition that decision making process of public partners will extend beyond the initial Government timetable.
- Evaluate wider geography options including collaboration, merger and demerger scenarios as discussed.

#### Roles and Responsibilities

- Pending detail, agreement with LEP Review recommendations.

#### Leadership and Organisational Capacity

- RH to draft response. Draft recommendations accepted. Specific reference to individual’s suitability to role rather than gender bias to be stressed in response.

#### Accountability and Performance

- Incorporation decision to follow board decision on geography.
- Government ‘capacity building’ funds to be requested following above decision.

Angela Macpherson, Leader of Aylesbury Vale District Council, notified the working group that the authority were planning to host a scrutiny committee on September 11<sup>th</sup> and a Cabinet Meeting on September 12<sup>th</sup> to consider the authority’s view with regard to overlap. The papers for both of these meetings had already been prepared but the BTVLEP Executive was invited to make direct representation at the Scrutiny Committee review on September 11<sup>th</sup>; an offer which was accepted as this presented the opportunity to highlight factual inaccuracies in the AVDC covering report and to highlight the benefits of BTVLEP investment and strategic economic policy within the Aylesbury Vale area.

Due to the AVDC committee schedule, the BTVLEP Board meeting scheduled for September 7<sup>th</sup> was deferred until September 26<sup>th</sup>.

At the meeting of the AVDC Cabinet on September 12<sup>th</sup> Members resolved to :-

*“Submit a response to Government on behalf of this Council that it is AVDC’s preferred option to remain a member of SEMLEP and to remove itself from the BTVLEP. This option represented the strongest strategic alignment and rationale regarding functional economic geographies for Aylesbury Vale.”*

The SEMLEP Board met on September 19<sup>th</sup>, welcomed AVDC’s decision and will, therefore, likely be incorporating a recommendation that the Aylesbury Vale area be covered solely by SEMLEP in their LEP Review submission to government.

The MHCLG/LEP Network have arranged a number of working groups to support LEPs to respond to the reforms, and guide the development of overarching principles. There are five work streams relating to geography, delivery plans, legal personalities, local industrial strategies and national assurance framework.

The BTVLEP Chair Andrew Smith has been appointed to the geography working group and the overarching steering group, members of the BTVLEP Executive have also supported the Legal Personality and Industrial Strategy sub-groups that have been established by the LEP Network. The note of the national steering group meeting held on September 11<sup>th</sup> relating to geography and establishing principles is attached as **Appendix 1** to this report.

On 3<sup>rd</sup> August Government produced a LEP Review template to be completed in two sections; the first relating to Geography by 28<sup>th</sup> September, and the second to Implementation Plan by October 31<sup>st</sup>. A copy of the submission template is attached as **Appendix 2** to this report.

## **2 Geography**

Government is asking LEPs to come forward with considered proposals on geographies which best reflect real functional economic areas, remove overlaps and where appropriate propose wider changes such as mergers.

Government will shortly publish a statement on the role and responsibilities of Local Enterprise Partnerships, stating clearly that the role of LEPs will focus on enhancing productivity and that this will be achieved through the development and delivery of Local Industrial Strategies. The review of geographic boundaries is set within this context of ensuring that current geographic boundaries are fit for purpose given the expanded LEP role that Government has set out in the Review. This is important as any change to geography will likely need to be underpinned with a rationale for resultant enhanced productivity. Also, as a trailblazer area, we have already established a Cross Growth Corridor LEP position, agreed with government officials, in respect of development of four Local Industrial Strategies, based on a three LEP, one Combined Authority geography.

On the matter of functional economic market areas (FEMA), the Vale of Aylesbury Local Plan that has recently concluded its hearing, noted “In accordance with requirements set out in the NPPF, the Council, alongside other Buckinghamshire authorities, commissioned a series of reports to identify the Buckinghamshire housing market and functional economic areas, as well as a Housing and Economic Development Needs Assessment (HEDNA). The reports (produced by consultants ORS) identify that Aylesbury Vale sits within a best fit

housing market area that includes Wycombe, Chiltern and South Bucks districts. There was a recognition that Aylesbury town sat within its own area but within a wider strategic housing market area. Aylesbury Vale also has links with housing markets in neighbouring areas, such as Milton Keynes”.

The Buckinghamshire Travel to Work Areas map of 2011 clearly links Aylesbury with High Wycombe. While the Milton Keynes Travel to Work Area in 2011 covered a large part of the Vale the area covered also represented the least densely populated part of the Vale. This is also a likely area of significant change given the proposition of expressway, EWR, HS2 and the possibility of new settlement all of which may have a significant impact on Travel to Work Area. Wycombe District Council has used similar FEMA and Travel to Work assumptions and evidence for its current Local Plan promotion.

In addition the business community has identified strongly with a Buckinghamshire platform, as demonstrated with the nationally leading business membership of the BBF Growth Hub that counts within its membership a third of Buckinghamshire businesses and 70% of the total workforce meaning that local business identify with a Buckinghamshire platform more than other areas. Business connection with place may be considered a strong determinant of a Market Area. In Buckinghamshire, a strong business link exists with the concept of the Entrepreneurial Heart of Britain, defined by highly productive entrepreneurial activity at both levels of major iconic brands and micro business. To strengthen this clear link with the Buckinghamshire economic geography we would suggest that the Thames Valley reference is dropped from the LEP title.

While the designation of FEMA is not a precise science and is open to different views, it would be logical to follow the statutory planning authorities underpinning of Local Plans and the previous BTVLEP SEP evidence base that defines Buckinghamshire as a real functional economic area. Notwithstanding this, FEMAs are, in part, defined by Travel to Work Areas and rates of productivity, for which there is a strong correlation within Buckinghamshire. In this respect, we believe the Buckinghamshire FEMA best reflects a real functional economic area.

Looking forward, it is likely that Buckinghamshire will consolidate as the footprint for the FEMA as its economy grows given the prospect of an economic led new settlement. We have already witnessed the growth of the Slough/Heathrow Travel to Work Area into South Buckinghamshire and the High Wycombe and Aylesbury Travel to Work Area into Milton Keynes, the latter trend may be expected to continue to grow given the NIC view on capacity for growth within Corridor. 59.8% of Aylesbury Vale residents live and work within the Aylesbury and High Wycombe Travel to Work Area double the amount that sit within in the Milton Keynes Travel to Work Area. This containment within the FEMA is increasing as demonstrated by the changes since 2011.

The High Wycombe and Aylesbury Travel to Work Area is a good fit with the Milton Keynes Travel to Work Area in terms of containment and productivity and there may in future be a strong case for a Buckinghamshire FEMA to cover that enlarged area. However, at present, the Buckinghamshire FEMA is an important component part of the Growth Corridor and currently the future economic aspiration is to create a wider series of linked FEMAs across the Corridor. The Growth Corridor LEPs’ joint work is in hand to establish an economic vision across the Growth Corridor that may shape wider changes.

**The FEMA recommendation to members is that BTVLEP confirm to government that no change is necessary and that Buckinghamshire continues to represent the best fit.** The timescale for adoption would be effective immediately though it should be noted that there would be no consensus view with Aylesbury Vale nor SEMLEP.

On the matter of overlap the advice from the LEP Network Steering Group and government officials is that “primary consideration should be where a District Council/Borough is in two LEPs (creating an overlap), that District Council/Borough should be with their respective administrative upper tier authority. The rationale is that this will help to join up local conversations and decision making in areas such as transport and education”. Conflicting messages have also been shared regarding the willingness of government to support a LEP that covers only one local authority area but we understand that this is not a limiting factor and should not be a material consideration within any submission.

The decision of AVDC to wholly commit to SEMLEP for ‘strategic reasons’ raises a number of issues including the fragmentation of a real functional market area, action contrary to government advice on upper and lower tier authority collaboration and, if implemented, would necessitate placement of the remaining Buckinghamshire authorities within another LEP construct for which there is no appetite at present, thereby creating a problem loose end. The alternative Buckinghamshire proposition is, in contrast, evidence and performance based and far simpler to execute, with no untidy tail.

Ahead of the recent AVDC decision, there had been agreement on the overlap issue between LEP Chairs Andrew Smith, Jeremy Long (Chair, OXLEP) and Ann Limb (Chair, SEMLEP) for the Aylesbury Vale and Cherwell districts to be removed from SEMLEP into BTVLEP and OXLEP respectively. The aspiration of the Chairs of BTVLEP, OXLEP and SEMLEP was communicated to the Rt. Hon. James Brokenshire, MP, Secretary of State for of Housing, Communities and Local Government, Jake Berry MP, Parliamentary Under-Secretary of State for the Northern Powerhouse and Local Growth, and senior government officials when Andrew Smith and Ann Limb met with them on 19th July 2018.

The rationale for the overlap falling to Buckinghamshire is that it follows the best fit Buckinghamshire FEMA rather than the alternative that covers circa ten Travel to Work Areas. The overlap is confusing for business and it is not helpful to attempt to duplicate programmes within a single geography. In addition, the Buckinghamshire Business First Growth Hub has an unassailable connection with the Buckinghamshire business base and is nationally highly regarded by government. The current overlap situation has to date in fact led to a pro rata reduction in capital funds for investment within Buckinghamshire, and has correspondingly led to significant funding detriment to Aylesbury Vale though BTVLEP have, from a lower funding base, provided 10 times more investment in the overlap area than SEMLEP.

Within the overlap area BTVLEP have led a transformational infrastructure investment programme for Enterprise Zone (EZ) sites leading to a step change in floor-space provision and economic growth within the Vale. BTVLEP skill base and experience were a factor in EZ designation and may not be easily transferable. BTVLEP have also ignited a skills programme within Buckinghamshire that is proving transformational locally with a heavily subscribed skills show and near full enterprise advisor network engaged with Buckinghamshire’s secondary schools.

BTVLEP has petitioned for the removal of overlap since inception and therefore welcomes the LEP Review recommendation on removal of overlaps. **The Overlap recommendation to members is that BTVLEP confirm to government that change is necessary and that the two tiers of local authority within the overlap area should, effective immediately, be within BTVLEP and not SEMLEP.** The risk is that there is unlikely to be SEMLEP and local authority consensus on the overlap issue.

In respect of proposed wider changes, such as mergers, there are again a number of desktop scenarios that are being reviewed. BTVLEP have commissioned Shared Intelligence to undertake an independent assessment of potential options for the Buckinghamshire geography and will update the Board on this assessment. The assessment is based on the 4 criteria listed below:-

**i Functional economic area**

- Does the proposal complement the sense of place, particularly with the business community?
- Does the proposal best reflect the real functional economic area and create the most effective size and scale in which the LEP can operate?
- Does the proposal create a LEP that is of the right size and scale relative to other neighbouring LEPs?
- Does the proposal support policy as reflected in the SHMA, HEDNA and EDNA (where available)?
- Does the proposal reflect the economic partnership geographies beyond the LEPs?
- Does the proposal align with need and investment in transport and infrastructure, for example road, rail and broadband?
- [Factors to be taken into account are: size (resident population); scale (land mass); self-containment rate (TWA); productivity (business GVA); number of local authorities; *commercial markets and competitor locations*]

**ii Simplicity, accountability and practicality**

- Will the proposal provide greater clarity, consistency and accountability to businesses and communities?
- Will the proposal contribute to the objective of making LEPs more transparent, consistent and robust?

**iii Alignment**

- Will the proposal ensure that the LEP is in the best position to identify and align local interventions that maximise their economic impact?
- Does the proposal align with the development of Local Industrial Strategies and build on SEPs and related strategies?
- Does the proposal place the district councils with their respective administrative upper tier council? [And if not is there a “very compelling economic case” including travel to work area, size or cultural basis?]
- Does the proposal help to join up local conversations and decision making in areas such as transport, education *and health and care*?

**iv Corridor relationship**

- Will the proposal enable continued collaboration between LEPs and local authorities across administrative boundaries (particularly the Oxford-Milton Keynes-Cambridge Growth Corridor)?

Shared Intelligence will be present at the board meeting to share the results of their wider geography evaluation. Prior to this presentation and without prejudice, given that three LEPs and one Combined Authority are working constructively and extremely successfully together having commissioned a shared economic vision across the Growth Corridor, it would appear that the local context is more attuned to closer cross boundary collaboration rather than any need for formal merger at this time. The attractiveness of this approach is that it would maintain connection to the local business base while collaborating to an agreed economic plan on those areas of agglomerative benefit. This approach would also address any concerns about the size of constituent parties.

It is also worth reflecting on the fact that BTVLEP is considered a high performing, agile LEP, successfully delivering an ambitiously proactive programme, so there is likely to be advantage in maintaining this position. In the context of Brexit and delivery, while momentum on programme has now been established, structural change at this point could upset this progress and, at best, draw scarce resource from delivery. Collaboration, within a nationally significant programme area such as the Corridor is, therefore, a viable and attractive alternative if the focus is to be on tangible economic outcomes.

Executive officers have held discussions with neighbouring LEPs (including Oxfordshire LEP, SEMLEP, Berkshire Thames Valley LEP and Hertfordshire LEP) on wider geography which have indicated that there is no appetite for mergers at this present time, with each LEP preferring to secure coterminous boundary arrangements and collaborate, particularly in the context of the Growth Corridor.

Given the evidence base of the HEDNA and FEMA underpinning Buckinghamshire local plans, the historic LGF investment patterns of LEPs since 2014 and the business support infrastructure in place the retention of the existing BTVLEP footprint within the context of closer Corridor collaboration would appear to be a sensible and welcome outcome.

**The wider geography recommendation to members is that BTVLEP confirm that no change is required at the present time and that government continue to work with BTVLEP, the two adjoining Corridor LEPs, and the Combined Authority on a close collaboration to deliver a shared economic vision.**

### **3 Roles and Responsibilities**

The government's intention to give LEPs a single focus on enhancing productivity and to link this activity to production and delivery of a Local Industrial Strategy monitored through the production of an annual delivery plan and end of year report is sound. Details of the annual delivery plan and end of year report are awaited, though as a trailblazer LEP this should be straightforward and follow the action plan that both LIS and Growth Corridor economic vision will produce by the end of the year. In this respect it is another opportunity to emphasize why a Growth Corridor collaboration makes sense for our area.

### **4 Leadership and Organisational Capacity**

The Review is clear in the changes that it would like to see in respect of leadership and organisational capacity, reflecting that LEPs must have the operational independence and organisational capacity to deliver on the roles and responsibilities set out in the Review. It would like to see the changes incorporated within an implementation plan and have a process in place by 28<sup>th</sup> February 2019. The proposed changes are welcome and should be capable of delivery within timescale.

There are specific references to the following:

#### Chair/Deputy Appointment

The aspiration is for wide and transparent consultation with the business community before appointment of a new Chair and Deputy. BTVLEP will consider and outline a proposed process within an implementation plan that seeks to improve the BBF process for director appointment that may allow for broader recruitment beyond existing BBF arrangements. Our current arrangements were noted as best practice in a recent LEP Network commissioned Metro Dynamics report on LEPs. We will, however, seek to improve upon current arrangements. The Review implies that the Deputy Chair will also be from the private sector and this too will be reflected in the new arrangements.

#### Defined terms for directors

The recommendation is that LEPs introduce defined term limits for Chairs and Deputy Chairs. We agree that new measures be incorporated into our assurance framework to introduce defined terms. A proposed starting point would be to allow two terms of 3 years (6 years total) with existing members who have been on since inception be limited to a maximum further 3 years to assist with continuity and where appropriate handover.

#### Private Sector Representation

Government's aspiration is for increased private sector representation. BTVLEP could achieve a 2/3 private sector board membership by increasing board size to 15 with a private to public ratio of 2:1. This would retain the current public sector representation in the short term. Longer term, on conclusion of local government reform, there may be scope for further reducing public sector board input that would increase the private sector ratio further or allow for a scaling down of the board. In either scenario the requirement to set a maximum cap of 20 board members or to co-opt members is not likely to be relevant to Buckinghamshire.

#### Gender balance and protected characteristics

Government, nationally, would like an improved gender and representative balance. Locally we have maintained consistently high levels of gender and small business representative balance. For example, presently we have the capability to achieve a 50/50 or greater gender balance at board meetings. Given the preceding requirement to increase board size we will seek to meet the future requirements of the LEP Review relating to gender balance in the BTVLEP implementation plan and through board member recruitment.

#### Secretariat independence

The Review recommendation proposes an independent secretariat to support the Chair and board. This in fact was the original starting point of the BTVLEP that used BBF as its secretariat. There is now a hybrid function in place between BBF and Local Authorities. The recommendation for independence and simplification is welcome.

## **5 Accountability and Performance**

As anticipated, the government requires all LEPs to adopt a “legal personality” by April 2019. Board approval to this principle was agreed at our July 2018 board meeting. In respect of the detail, as previously highlighted, BTVLEP has commissioned consultancy advice on future scope, shape and function to be reported to the December Board meeting for approval. Recommendations on single accountable body, an AGM requirement, specific accountabilities and external scrutiny are all welcome and will be incorporated within an implementation plan.

### **Members are asked to:**

- 1 Approve the BTVLEP LEP Review Annex B response to government that:**
  - a) No change is proposed to the Functional Economic Market Area (FEMA) underpinning both BTVLEP Strategic Economic Plan and draft Buckinghamshire Local Industrial Strategy as Buckinghamshire represents the ‘best fit’ FEMA.
  - b) It is agreed to remove the current overlap, with Aylesbury Vale placed within BTVLEP and removed from SEMLEP.
  - c) No change is proposed to wider geography, at the present time, though government is asked to note the successful cross Growth Corridor LEP and Combined Authority collaborative work underway and the strong preference to consolidate this joint work.
  
- 2 Agree points to be included within the BTVLEP LEP Review Annex C response to be finalised in October.**