



BRIEFING PAPER

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Local Enterprise Partnerships

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Summary

The Government announced the approval of 24 Local Enterprise Partnerships (LEPs) in the October 2010 White Paper [Local Growth: Realising Every Place's Potential](#). A further 15 LEPs, including one covering the whole of London, were subsequently approved, taking the total to 39. All areas of England are covered by a LEP.

These non-statutory bodies assumed many of the responsibilities of Regional Development Agencies (RDAs) and have responsibility for [Enterprise Zones](#). LEPs were able to bid for funding from the first four rounds of the [Regional Growth Fund](#), but barred from bidding in rounds 5 and 6, which were only be open to private enterprises.

In March 2014 all 39 LEPs submitted [Strategic Economic Plans](#) to negotiate [Growth Deals](#), with funding awarded from the Single Local Growth Fund, created in the 2013 Spending Review. In July 2014, the government announced details of funding received by each LEP over the period 2015 - 2021. In January 2015, the government expanded the deals, with LEPs awarded a further £1 billion in total between 2016 and 2021. The [2016 Budget](#) included the announcement that up to £1.8 billion will be allocated through a further round of Growth Deals in the course of 2016. As of March 2016, £7.3 billion worth of Growth Deal funding has been allocated to LEPs.

LEPs have also been allocated money from the [Growing Places Fund](#) to be spent on infrastructure and have been given responsibility for delivering part of the [EU Structural and Investment Funds](#) for 2014-2020.

1. Local Growth White Paper

The White Paper [Local Growth: Realising Every Place's Potential](#) was published on 28 October 2010.¹ It set out three key priorities:

- a. **Shifting power to local communities and businesses** - by establishing dynamic local enterprise partnerships of local business and civic leaders, operating within an area that makes economic sense, which can provide the vision, knowledge and strategic leadership to set local priorities and empower communities to fulfil their potential.
- b. **Increasing confidence to invest** – by creating the right conditions for growth through a consistent and efficient framework for investment, an effective planning framework and new incentives to make sure local communities benefit from development.
- c. **Focused investment** – by tackling barriers to growth that the market will not address itself and supporting investment that will have a long term impact on growth.

As part this agenda, the White Paper announced the first tranche of approved Local Enterprise Partnerships, the opening of the Regional Growth Fund and a range of measures designed to provide incentives for local authorities to promote business growth.

¹ BIS, [Local growth: realising every place's potential](#), Cm 7961, 28 October 2010

2. Local Enterprise Partnerships

2.1 Announcement and approved LEPs

The May 2010 [Coalition Agreement](#) outlined plans for the creation of Local Enterprise Partnerships, defined as “joint local authority-business bodies brought forward by local authorities themselves to promote local economic development” to replace existing Regional Development Agencies.² The Government’s proposals for LEPs were set out in a [letter](#) sent by Vince Cable, then Secretary of State for Business Innovation and Skills, and Eric Pickles, then Secretary of State for Communities and Local Government, to councils and business leaders on 29 June 2010.³

The Government received a total of 62 LEP proposals, 24 of which were approved in the [Local Growth White Paper](#). A further 15 LEPs were subsequently approved, covering the remaining areas in England.

Four key criteria were used to assess the LEP proposals:

- a. Support from business;
- b. Natural economic geography;
- c. Local authority support; and
- d. Added value and ambition.⁴

2.2 Geography of LEPs

The [letter](#) of 29 June 2010 set out more detail as to the geographical extents the Government envisaged for LEPs, leaving open the possibility of existing regional boundaries being used:

To be sufficiently strategic, we would expect that partnerships would include groups of upper tier authorities. If it is clearly the wish of business and civic leaders to establish a local enterprise partnership for a functional economic area that matches existing regional boundaries, we will not object.

There were concerns that existing boundaries did not reflect economic reality:

We have been concerned that some local and regional boundaries do not reflect functional economic areas. We wish to enable partnerships to better reflect the natural economic geography of the areas they serve and hence to cover real functional economic and travel to work areas.

37 local authority district areas are covered by two approved LEPs. A list of LEPs divided by local authority is [available online](#), as is a [boundary map of LEPs](#).

² Cabinet Office, [The Coalition: Our Programme for Government](#), May 2010 p 10.

³ BIS, [Letter to Local Authority Leaders and Business Leaders](#), 29 June 2010

⁴ BIS, [Local growth: realising every place’s potential](#), Cm 7961, 28 October 2010, para 2.11

2.3 Responsibilities of LEPs

The responsibilities of RDAs were not passed over wholesale to LEPs. The Government opted for a mixture of local and national provision to replace regional provision. The White Paper listed some of the anticipated roles of LEPs:

- working with Government to set out key investment priorities, including transport infrastructure and supporting or coordinating project delivery;
- coordinating proposals or bidding directly for the Regional Growth Fund;
- supporting high growth businesses, for example through involvement in bringing together and supporting consortia to run new growth hubs;
- making representation on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications;
- lead changes in how businesses are regulated locally;
- strategic housing delivery, including pooling and aligning funding streams to support this;
- working with local employers, Jobcentre Plus and learning providers to help local workless people into jobs;
- coordinating approaches to leveraging funding from the private sector;
- exploring opportunities for developing financial and non-financial incentives on renewable energy projects and Green Deal; and
- becoming involved in delivery of other national priorities such as digital infrastructure.⁵

This list omits some responsibilities previously held by RDAs, such as inward investment, innovation, and access to finance, which will be led by central government.

2.4 The LEP Network

LEPs are non-statutory bodies, and so have a great deal of discretion in how their membership is composed, though they must be chaired by a business person and at least half of their members must be from the private sector.⁶

⁵ BIS, [Local growth: realising every place's potential](#), Cm 7961, 28 October 2010, para 2.6

⁶ The Rt. Hon the Lord Heseltine of Thetford, [No Stone Left Unturned](#) October 2012 p 34.

7 Local Enterprise Partnerships

The [LEP Network](#) is an arrangement that allows LEPs to discuss issues of shared importance, engage with government and share knowledge and good practice.

The LEP Network was originally facilitated by the British Chambers of Commerce. As of April 2014, a new LEP Network service has operated, directed by a management board of LEP chairs. The Board is currently chaired by Alex Pratt of the Buckinghamshire Thames Valley LEP.⁷

A list of all LEPs and details of board membership is available in Appendix 2. LEP area profiles are available from the [ONS](#).

2.5 Enterprise Zones

The [2011 Budget](#) and accompanying [Plan for Growth](#) announced plans for 24 Enterprise Zones, later increased to 25. These became operational in April 2012. The 2015 [Summer Budget](#) announced that the government would hold a bidding round for a new programme of Enterprise Zones. Applications closed in September 2015.

EZs are allocated to LEPs. BIS summarises the role of LEPs in EZs as follows:

The LEP will need an agreed position on the location, sectoral focus and range of incentives within a Zone it hosts. This will be an important means through which to minimise local displacement of businesses. The LEP's role will be to identify the barriers which are impeding the growth of the local economy and the necessary options from the menu on offer to overcome such barriers. LEPs will also be able to bring together a wider package of support, by working with local colleges and Work Programme providers and linking Enterprise Zones to current and planned infrastructure.

Further details on EZ can be found in Library Briefing Paper [Enterprise Zones](#).

⁷ LEP Network, [About the LEP Network](#)

3. Funding for LEPs

3.1 Running and start-up costs

Initially, LEPs were told that they would not have direct central funding and would be expected to meet their own day-to-day administration costs. The Government encouraged LEPs to “consider how they can obtain the best value for public money by leveraging in private sector investment”.⁸

In August 2011, the Government made allocations to LEPs from a one-off £5 million start-up fund, designed to cover expenses such as training and initial engagement with the wider business community, with each partnership having to demonstrate how they would become self-sustaining in the future.⁹

In September 2012, the then Minister of State for Business and Enterprise, Michael Fallon, announced that £25 million of Government funding would be made available to LEPs. The 2012 [Autumn Statement](#) stated that the funding would be provided for “capacity building” within LEPs to enable them to “support the development and delivery of their strategic plan”.¹⁰ Each LEP was offered £125,000 for 2012/13 financial year to “provide immediate support”.

3.2 Regional Growth Fund

The announcements on 29 June 2010 included a “£1 billion Regional Growth Fund to help areas and communities at risk of being particularly affected by public spending cuts”, covering the financial years 2011/12 and 2012/13.¹¹ The 2012 [Autumn Statement](#) extended the total value of the fund to £2.7 billion over five years from 2011/12 to 2015/16.¹²

LEPs were eligible to apply for funding from the first 4 funding rounds, but did not receive preferential treatment in the bidding process.¹³ 43 awards from the Regional Growth Fund were made to LEPs over the first 4 rounds, worth £433 million.¹⁴ The largest single awards to LEPs were made to the West of England LEP (£39 million) and the Greater Manchester LEP (£35 million) – these were the seventh and ninth largest of all awards in rounds 1-4.

LEPs were barred from bidding in rounds 5 and 6, which focus exclusively on private enterprises. Further details on the Regional

⁸ BIS, [Local growth: realising every place's potential](#), Cm 7961, 28 October 2010, para 2.15

⁹ BIS press release, [Local enterprise partnerships given helping hand to drive economy and boost growth](#), 2 August 2011

¹⁰ HM Treasury, [Autumn Statement 2012](#), Cm 8480, December 2012, p 41

¹¹ BIS Press release, [£1 billion to help fund regional businesses](#) 29 June 2010

¹² HM Treasury, [Autumn Statement 2012](#), Cm 8480, December 2012, p 63

¹³ BIS, [Local growth: realising every place's potential](#), Cm 7961, 28 October 2010, para 2.15

¹⁴ FOI Release, [Local Enterprise Partnerships Funding from the Regional Growth Fund](#) 14 November 2014

Growth Fund can be found in the Library Briefing Paper [The Regional Growth Fund](#).

3.3 Growing Places Fund

The Government announced the £500 million Growing Places Fund on 7 November 2011, made up of £125 million from the Department for Communities and Local Government, £125 million from the Department for Transport and £250 million from HM Treasury reserves.¹⁵ The 2012 Budget extended the value of the fund by £270 million which included £70 million for the Greater London Authority.¹⁶

The fund was designed to tackle immediate infrastructure investment constraints, with a focus on housing and transport. The [DCLG press release](#) announcing the fund gave some possible examples:

- early development of strategic link roads and access works to unlock major mixed-use developments, enabling the delivery of homes and commercial space - leading to the creation of jobs and securing private investment
- provision of flood storage capacity to enable development of homes, employment space and retail space; and
- works to improve local connectivity and reduce congestion through interventions such as extending dual carriageways, enabling developments to be taken forward sustainably.

The [allocations](#) to LEPs were made in February 2012, these were calculated using a formula based on population and employed earnings. In order to receive the money, LEPs had to complete a pre-qualification questionnaire, setting out:¹⁷

- their commitment to using the Growing Places Fund to generate economic activity in the short term by addressing immediate infrastructure and site constraints which promote the delivery of jobs and housing
- they have appropriate governance arrangements in place which will secure value for money in the use of the Fund
- they have appropriate arrangements in place to deliver transparency in the use of the fund

The relevant local authority will be the accountable body for grants made.

To date, LEPs have received £730 million from the Growing Places Fund. Of this total, £652 million has been allocated to 305 specific infrastructure development projects. This funding has been used to secure £2.6 billion of additional investment, including £1.8 billion is from the private sector partners and £774 million from the public sector.¹⁸

¹⁵ [HC Deb 10 Nov 2011 c399w](#)

¹⁶ HM Treasury, [Budget 2012](#), HC 1853, March 2012, p58

¹⁷ HM Treasury, [Ibid](#)

¹⁸ DCLG [The Growing Places Fund: Investing in Infrastructure](#) November 2013 p 13.

3.4 The Heseltine Report

In March 2012, Lord Heseltine was commissioned to produce a report to the Chancellor and Secretary of State for Business with ideas to stimulate economic growth at a local level, reflecting a similar role he undertook as Secretary of the State for the Environment between 1979 and 1983. In this period, Lord Heseltine oversaw the creation of the UK's first Enterprise Zone in Corby and the first Development Corporation in London Docklands.

His report, [No Stone Unturned: In Pursuit of Growth](#), published in October 2012 made 89 recommendations for economic growth and wealth creation. Among these was a recommendation for a greater devolution of funding from central government to LEPs, so government investment in economic development "is tailored directly to the individual challenges and opportunities of local communities" and can be augmented by private sector investment.¹⁹

In light of Lord Heseltine's report and the first round of city deals, the 2012 Autumn Statement included the following recommendations:

- LEPs will be asked to develop strategic economic plans, used to negotiate growth deals. LEPs will also be able to apply for up to £250,000 additional funding per year to support the development and delivery strategic plans.
- £10 million will be provided per year for capacity building within LEPs.
- The Government will make available a new concessionary public works loan rate to an infrastructure project nominated by each LEP (excluding London), with the total borrowing capped at £1.5 billion.²⁰

The report also recommended most funding for business support "should be devolved to LEPs to spend in accordance with their individual economic strategies." In April 2013 the then Business Secretary Vince Cable argued that big decisions on funding must be administered from Whitehall on the basis that some LEPs had very small numbers of business people on their boards and were not publically accountable and unsuited to manage large amounts of public money.²¹

3.5 The Single Local Growth Fund and Growth Deals

The June 2013 Spending Review saw the Government ask Local Enterprise Partnerships to develop multi-year local Strategic Economic Plans, which would be used for negotiations on 'Growth Deals' with the

¹⁹ The Rt. Hon the Lord Heseltine of Thetford, [No Stone Left Unturned](#) October 2012 p 5

²⁰ HM Treasury, [Autumn Statement 2012](#) Cm 8480, December 2012, p40-41

²¹ The Northern Echo [Labour Attacks Cable's comment on Local Enterprise Partnerships](#) 30 April 2013

Government. These plans would also be used as the basis for allocations from the £2 billion a year Single Local Growth Fund that was created in Spending Review.²²

The SLGF allocates funding to skills, housing and transport from 2015/16. A further £10 billion of funding for the SLGF is planned for the five-year period 2015/20. Details of funding announced in the 2013 Spending Review are shown in the table below

In July 2013, the Department for Business, Innovation and Skills published the document [Growth Deals Initial Guidance for Local Enterprise Partnerships](#), providing detailed guidance on how LEPs should prepare the preparation of Strategic Economic Plans and details of the timetable for the delivery of funding. This document gave LEPs a deadline of March 2014 to submit final versions of their Strategic Economic Plans, which would then be assessed by central government.

In March 2014, all 39 LEPs submitted Strategic Economic Plans for approval. In July 2014, the government announced details of funding secured by each LEP over the period 2015 - 2021. In January 2015, the government expanded the deals, with LEPs securing a further £1 billion in total investment between 2016 and 2021.

As of March 2016, £7.3 billion worth of Growth Deal funding has been allocated to LEPs.

The [2016 Budget](#) included the announcement that up to £1.8 billion will be allocated through a further round of Growth Deals in the course of 2016. This was confirmed in the [2016 Autumn Statement](#), which stated the government would award a third round of Growth Deal funding, allocating £556 million to LEPs in the North of England, £392 million to LEPs in the midlands, £151 million to LEPs in the east of England, £492 million to LEPs in London and the south east and £191 million to LEPs in the south west. Awards by individual LEPs have yet to be announced.

Growth Deal allocations by LEP are show in Appendix 2. For more detailed information on Growth Deals, see the Library Briefing Paper [Local Growth Deals](#).

3.6 EU Structural and Investment Funding

Following a series of consultations between the Department for Business Innovation and Skills and LEPs, a guide [Structural and Investment Fund Opportunities: Preliminary guidance to Local Enterprise Partnerships](#) was published in April 2013 outlined plans to give LEPs responsibility for delivering part of the EU Structural and Investment Funds for 2014-2020.²³ This combines two existing structural funds, the European Regional Development Fund and the European Social Fund as

²² HM Treasury [Investing in Britain's Future](#) Cm 8669 June 2013 p 9

²³ BIS [Structural and Investment Fund Opportunities: Preliminary guidance to Local Enterprise Partnerships](#), April 2013 p 9

well as including part of the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.

LEPs are responsible for designing and delivering strategies on how best to use this funding. Each LEP area will receive an allocation which must be spent in line with a set of overarching priorities set out in the EU regulations. While LEPs are responsible for the outcomes, they will not be responsible for administering the funds themselves. This will be the responsibility of central government to ensure compliance with EU rules.²⁴

Additional allocations have been made available to certain LEPs in areas of high youth unemployment via the Youth Employment Initiative. These areas are:

- Inner London (London Local Enterprise Partnership)
- Merseyside (Liverpool City Region Local Enterprise Partnership)
- Tees Valley & Durham (Tees Valley and North Eastern Local Enterprise Partnerships)
- West Midlands (Birmingham & Solihull, Coventry & Warwickshire and Black Country Local Enterprise Partnerships).²⁵

On 27 June 2013, the then Business Secretary Vince Cable announced England was to receive €6.2 billion (£5.3 billion) from the ERDF and ESF between 2014 and 2020 and outlined details of how the money would split between LEPs.²⁶

A full list of all funding allocations is available in Appendix One.

²⁴ BIS [Ibid](#) p 2

²⁵ BIS [The Development and Delivery of European Structural and Investment Fund Strategies: Supplementary Guidance to Local Enterprise Partnerships](#) July 2013 p47

²⁶ [HC Deb 27 June 2013 C 9WS](#)

4. Reactions

4.1 Labour Party policy, 2010-15

Initially, the Labour Party was critical of the Local Growth White Paper, with the then Shadow Secretary of State for Business, Innovation and Skills, John Denham, criticising LEP funding arrangements and the lack of LEPs in some deprived areas of England.²⁷ Subsequently, Labour stated that it favoured the transfer of RDA assets to “local economic partnerships to promote growth and jobs.”²⁸ Prior to the 2015 election, Labour stated if elected they would retain LEPs, stating they would work to “improve LEPs, not abolish them” while outlining concerns over their “accountability and capacity to deliver.”²⁹

In May 2014, the Labour MP and former Minister of state for Local Government John Healey and the independent economic development consultant Les Newby authored a report published by the Smith Institute titled [Making local economies matter: A review of policy lessons from the Regional Development Agencies and Local Enterprise Partnerships](#) to cement “a fresh commitment to stronger support for England’s local economies.”³⁰

In the forward, Ed Balls and Lord Adonis argue in favour of retaining LEPs, stating:

Our local economies cannot withstand another major upheaval of the local growth infrastructure. There has been too much change in recent years which has hampered growth around the country.³¹

While coming out in favour of retaining LEPs, they go on to argue in favour of their reform, arguing LEPs have had limited capacity through an initial lack of direct funding, a subsequent over complicated series of funding initiatives and a reliance on private sector board members volunteering their time and a lack of partnership with local authorities.³²

4.2 Reports

A [report](#) published by the Centre for Cities in October 2011 said that LEPs had made “varied progress” since being established in October 2010 and that there was reason to be “concerned that the LEPs that have made very little progress over the last year are not in a position to become effective bodies”.

²⁷ [HC Deb 28 Oct 2010 c483](#)

²⁸ [HC Deb 31 March 2011 c513](#)

²⁹ Labour Party [Chuka Umunna Speech on a One Nation Industrial Strategy](#), 14 November 2012

³⁰ John Healey and Les Newby [Making local economies matter: A review of policy lessons from the Regional Development Agencies and Local Enterprise Partnerships](#) The Smith Institute, May 2014, p 6.

³¹ John Healey and Les Newby [ibid.](#), The Smith Institute, May 2014 p 3.

³² John Healey and Les Newby [ibid.](#), The Smith Institute, May 2014 p 3 - 4.

The report also suggests that due to the emphasis on localism, “locally-agreed priorities will not deliver the national growth priorities increasingly seen by the Government as the LEPs’ main role”.³³

Professor Bob Bennett, a Cambridge academic specialising in economic geography has said that there is a “danger that (LEPs) require too much effort, for too little return” and that more than “£2 billion needs to be invested in LEPs and Enterprise Zones in order to stimulate growth and jobs around the UK”.³⁴ Similarly, a report by the Centre for Urban and Regional Development Studies at the University of Newcastle argues LEPs will struggle to exercise substantive influence upon local economic growth on account of “the lack of long-term vision and strategy for their strategic development.”³⁵

A June 2013 report jointly authored by the Smith Institute and the Regional Studies Association, titled [Where next for Local Enterprise Partnerships?](#) argued that LEPs represent unnatural geographies, something that can hinder their role in encouraging private sector growth, stating

The trouble with the messy world of work, business and enterprise is that it obstinately refuses to acknowledge municipal boundaries. People cross council boundaries on their way to work: businesses are not bounded by the horizons of their local council when hiring staff or setting up new operations.³⁶

In a September 2013 report titled [Clarity or confusion: Local Enterprise Partnerships at the crossroads](#), Insight Public Affairs stated that the Government’s approach to funding LEPs had been “fragmented and over-complex” and called for a long term financial commitment. The report recommended a five year commitment to both core funding and allocations from the Single Local Growth Fund and the creation of “a champion an LEP champion in Whitehall” in the form of a Minister for Local Growth.³⁷

In October 2013, Sir Andrew Witty, CEO of GlaxoSmithKline, Chancellor of the University of Nottingham and Lead non-executive board member of BIS published a report titled [Encouraging a British Invention Revolution: Sir Andrew Witty’s Review of Universities and Growth](#), examining how universities could become active in economic development and local wealth and job creation. The report concludes universities should adopt economic development as a “third mission”, alongside teaching and research and one way of achieving this was through involvement with LEPs.

³³ Centre for Cities, *Cause célèbre or cause for concern?* Oct 2011, p6

³⁴ British Academy, [Government LEPs ill-equipped to deliver policies for growth](#) 15 February 2012

³⁵ A. Pike, D. Marlow, A. McCarthy, P. O’Brien and J. Tomaney, *Local Institutions and local economic growth: The state of Local Enterprise Partnerships in England – A national survey*, Centre for Urban and Regional Development Studies (CURDS), 2013

³⁶ Smith Institute and Regional Studies Association [Where next for Local Enterprise Partnerships?](#) June 2013

³⁷ Insight Public Affairs, [Clarity or confusion: Local Enterprise Partnerships at the crossroads](#) September 2013 p 3.

The review makes some recommendations regarding LEPs, namely that LEPs should direct the €1 billion of European Structural and Investment Funds earmarked for innovation towards universities, in order to encourage “sustainable growth founded in comparative advantage, including through universities supporting innovative SMEs in their localities.”³⁸

The review also recommends Ministers should encourage LEPs with universities in their areas to encourage a university presence on their board and where appropriate, co-chairmanship of the LEP and presence on Innovation or Research and Development sub-committees. Finally, the review recommends the establishment of a Government advisory board to advise BIS and LEPs on the effectiveness of LEP proposals and to communicate best practice of the most successful LEPs to all other LEPs.³⁹

4.3 Select Committee Report

The Business, Innovation and Skills Select Committee reported on LEPs in December 2010.⁴⁰ The report gives “broad support” to the creation of LEPs and notes the potential of LEPs to offer greater focus on local economics needs, and improved co-operation between local businesses and local government, than RDAs.⁴¹ It also notes that while RDAs were effective in some areas, their success was undermined by “mission creep and the lack of a clearly defined strategy”.⁴²

The report identifies several key challenges facing LEPs:⁴³

- Limited resources, especially compared with equivalent bodies in Scotland and Wales and during the crucial start-up period.
- Finding the right balance between collaboration and competition.
- Successful transition to the new structure, encompassing full geographic coverage and the retention of RDA know-how.

The Business Innovation and Skills Committee returned to the subject of LEPs in September 2012. The report praised LEPs for their “fresh and innovative thinking around supporting growth” and the role private sector members have played in addressing specific local barriers to growth.⁴⁴ LEPs were also praised for their leadership in delivering programmes such as Enterprise Zones.

³⁸ Sir Andrew Witty, [Encouraging a British Invention Revolution: Sir Andrew Witty's Review of Universities and Growth](#) BIS, October 2013 p 9.

³⁹ Sir Andrew Witty, [ibid](#) p 8-10.

⁴⁰ House of Commons Business, Innovation and Skills Committee, [The New Local Enterprise Partnerships: An Initial Assessment](#), First Report of 2010-11, HC 434

⁴¹ House of Commons Business, Innovation and Skills Committee, [ibid](#), p5

⁴² House of Commons Business, Innovation and Skills Committee, [ibid](#), p10

⁴³ House of Commons Business, Innovation and Skills Committee, [ibid](#), p49

⁴⁴ House of Commons Business, Innovation and Skills Committee, [Local Enterprise Partnerships](#) Ninth Report of the Session 2012-13, HC 598.

The report made some recommendations as to how LEPs should operate:

- LEPs should be allowed to decide how funding allocations are met, so long as they meet broad targets. The level of interference from central government should be reduced.
- A small amount of continued core funding should be allocated to LEPs to meet long term targets of economic growth.
- LEPs should be allocated funding to cover management fees and the cost of due diligence.⁴⁵

The Interim Government response was published in July 2013. While acknowledging the role LEPs play in regional economic growth, it raised concerns over their accountability. In turn, it recommended a single BIS Minister be made responsible and accountable for LEPs and that LEPs should have a single point of contact within the Department and LEPs' objective setting processes are monitored to ensure they remain fit for purpose and have the capability to access future funding.⁴⁶

4.4 National Audit Office

In December 2013, The National Audit Office published a report titled [Funding and structures for local economic growth](#), examining how effective the Department for Communities and Local Government and the Department for Business, Innovation and Skills have been in supporting economic growth and providing value for money. The report states it has not yet been demonstrated that Local Enterprise Partnerships “are capable of delivering value for money.” Quoting evidence compiled by BIS, the report states that of the 39 LEPs, seventeen made a strong case that they represent a functional economic area, sixteen made a plausible case, four made a weak case and no information was held on the remaining two.

The report states different LEPs have made progress at different rates. Areas of concern include weaknesses in leadership, changes in board membership, not taking advantage of available funding and insufficient administrative capacity.⁴⁷

In March 2016, the National Audit Office published the report [Local Enterprise Partnerships](#), which examined the extent to which LEPs have funded and implemented Growth Deals “in a way that is likely to deliver value for money.”⁴⁸

Some of the report’s findings included:

- the DCLG has not set specific quantifiable objectives for what it hopes to achieve through Growth Deals and that it

⁴⁵ House of Commons Business, Innovation and Skills Committee, [Ibid](#) p 72.

⁴⁶ [Interim Government Response to the Business, Innovation and Skills Committee's Ninth Report of Session 2012-13](#)

⁴⁷ NAO, [Funding and structures for local economic growth](#), 6 December 2013.

⁴⁸ NAO, [Local Enterprise Partnerships](#), HC 887, Session, 2015-16, 23 March 2016, pg. 6

will be difficult to assess their contribution to economic growth

- pressure on LEPs to spend their Local Growth Fund allocation in year creates a risk that LEPs will not fund projects most suited to long-term economic development
- there is a risk that LEPs do not possess the resources necessary to deliver Growth Deal projects.⁴⁹

The report concludes that while the Department for Communities and Local Government expects LEPs to deliver growth deals effectively, LEPs do not have “an established track record of delivery” and LEPs themselves “have serious reservations about their capacity to deliver” and there is a risk that projects being pursued “will not necessarily optimise value for money.”⁵⁰

To mitigate these potential flaws in the delivery of Growth Deals, the report recommends that the DCLG should:

- distribute Local Growth Funding to LEPs in a form that will give them medium to long-term funding flexibility,
- set out specific quantifiable objectives and performance indicators for the success of Growth Deals,
- ensure that there is sufficient local capacity within LEPs to deliver Growth Deals
- use the approach to monitor Growth Deals as an opportunity to standardise output metrics for future local growth initiatives.⁵¹

4.5 Public Accounts Committee

In May 2014, the Public Accounts Committee published the report [Promoting Economic Growth Locally](#), assessing the extent to which the coalition government’s local growth programmes had achieved their stated aims. The report expresses concern on “the lack of transparency of LEPs” and central Government’s reliance on “self-reported information” as a means of appraising their success.⁵²

⁴⁹ NAO, [Ibid](#), pg. 7-8

⁵⁰ NAO, [Ibid](#), pg. 9

⁵¹ NAO, [Ibid](#), pg. 10

⁵² House of Commons Committee of Public Accounts, [Promoting Economic Growth Locally](#), May 2014, HC 1110

5. Regional Development Agencies

5.1 RDAs – background

Eight RDAs were established under the Regional Development Agencies Act 1998, and were formally launched on 1 April 1999. The ninth, in London, was established in July 2000 following the establishment of the Greater London Authority (GLA). Under the Regional Development Agencies Act 1998, each Agency had five statutory purposes:

- To further economic development and regeneration;
- To promote business efficiency, investment and competitiveness;
- To promote employment;
- To enhance development and application of skill relevant to employment; and
- To contribute to sustainable development

In practice, this meant that the RDAs' agenda included "regeneration, taking forward regional competitiveness, taking the lead on inward investment and, working with regional partners, ensuring the development of a skills action plan to ensure that skills training matches the needs of the labour market."⁵³

5.2 Abolishing RDAs

As RDAs were statutory bodies, legislation was required to abolish them. For the eight RDAs outside London this was done through the Public Bodies Bill. The Government abolished the London Development Agency in the Localism Bill, which also made other changes to the government of London.⁵⁴

£1.4 billion was identified in the 2010 Spending Review to wind down RDAs. This funding was used to see economic development contracts through to conclusion, along with redundancies, cancelling facilities contracts and closing down buildings.⁵⁵ The Local Growth White Paper stated that BIS would attempt to ensure that the "wealth of knowledge and experience" of the 3,000 RDA staff is "captured" and effectively handed over to LEPs and other successor bodies.⁵⁶

⁵³ BIS [England's Regional Development Agencies](#)

⁵⁴ BIS, [Local growth: realising every place's potential](#), Cm 7961, 28 October 2010, para 2.29

⁵⁵ Jim Pickard, [The £1.4bn cost of winding down the RDAs](#), Financial Times, 25 October 2010

⁵⁶ BIS, [Local growth: realising every place's potential](#), Cm 7961, 28 October 2010, paras 2.31-2.32

5.3 RDA Finance

The core activities of RDAs were financed through a Single Budget or “single pot”, a fund which pools money from all the contributing Government Departments (BIS, CLG, DECC, DEFRA, DCMS and UK Trade & Investment).

Under the 2005-2010 Labour Government’s plans, RDAs’ combined single pot budgets were £1,748 million in 2010-11, compared with £2,263 million in 2009-10.⁵⁷ This total was further reduced by cuts of £270 million in “lower value RDA spending” by the current Government.⁵⁸ The total combined RDA budgets for 2011-12 were £711 million, of which £106 million covered administration.⁵⁹

RDAs were operationally closed on 31 March 2013 and were fully dissolved as legal entities on 1 July 2013.⁶⁰

⁵⁷ BIS [website](#)

⁵⁸ HM Treasury press release [04/10](#), 24 May 2010

⁵⁹ BIS [RDA Accountability and Financial Framework](#), October 2011

⁶⁰ BIS [Closing the RDAs: Lessons from the RDA transition and closure programme](#), July 2012 p 13.

Appendix 1: European funding for LEPs

LEP Allocations for European Regional Development Fund and European Social Fund, 2014-20

LEP	Allocation (€m)
Black Country	177.4
Buckinghamshire and Thames Valley	13.9
Cheshire and Warrington	142.2
Coast to Capital	67.3
Cornwall and the Isles of Scilly	592.9
Coventry and Warwickshire	136
Cumbria	91.4
Derby, Derbyshire, Nottingham and Nottinghamshire	249.7
Dorset	47.3
Enterprise M3	45.7
Gloucestershire	38.3
Greater Birmingham and Solihull	255.8
Greater Cambridge and Greater Peterborough	75.5
Greater Lincolnshire	133.5
Greater Manchester	415.6
Heart of the South West	118.3
Herefordshire	69.5
Humber	102.4
Lancashire	266.3
Leeds City Region	391.2
Leicester and Leicestershire	126.3
Liverpool City Region	221.9
London	748.6
New Anglia	94.5
North Eastern	539.6
Northamptonshire	55
Oxfordshire LEP	19.4
Sheffield City Region	203.4
Solent	43.1
South East	185.9
South East Midlands	88.3
Stoke on Trent and Staffordshire	161.6
Swindon and Wiltshire	43.6
Tees Valley	202.6
Thames Valley Berkshire	28.7
The Marches	113.7
West of England	68.6
Worcestershire	68.1
York and North Yorkshire	97.5
Total	6540.6

Source: HC Deb 27 June 2013 C 10WS

Appendix 2: Growth Deal funding for LEPs (£ million)

	Growth Deal One, July 2014	Growth Deal Two, January 2015	Growth Deal Three, November 2016	Total
North East				
North Eastern	289.3	40.6	49.7	379.6
Tees Valley Unlimited	90.3	13.9	21.8	126.0
North West				
Cumbria	26.8	20.9	12.7	60.3
Lancashire	233.9	17.2	69.8	320.9
Liverpool City Region	232.3	31.6	72.0	332.9
Greater Manchester	476.7	56.6	130.1	663.4
Cheshire and Warrington	142.7	15.1	43.3	201.1
Yorkshire and the Humber				
Business Inspired Growth: York, North Yorkshire and East Riding	101.1	12.1	23.7	145.9
Leeds City Region	572.9	54.6	67.5	694.9
Humber	103.7	9.9	27.9	141.5
Sheffield City Region	295.2	30.7	37.0	365.0
East Midlands				
Derby, Derbyshire, Nottingham and Nottinghamshire	174.3	22.2	63.0	259.5
Leicester and Leicestershire	80.0	20.3	25.9	126.2
South East Midlands	79.3	46.7	59.0	261.3
Northamptonshire	67.3	9.0	*	*
East of England				
Greater Lincolnshire	111.2	14.8	29.5	155.5
Greater Cambridge and Greater Peterborough	71.1	38.0	37.6	146.7
New Anglia	173.3	48.5	69.1	290.9
West Midlands				
Black Country	138.7	24.0	55.1	217.8
Greater Birmingham and Solihull	357.4	21.4	54.2	433.0
Stoke-on-Trent and Staffordshire	82.3	15.4	23.3	121.0
The Marches	75.3	7.7	21.9	104.9
Coventry and Warwickshire	74.1	15.3	42.4	131.8
Worcestershire	47.0	7.2	17.5	71.7
South West				
Gloucestershire: GFirst	62.5	15.0	29.1	106.6
West of England	212.6	18.1	52.8	283.5
Swindon and Wiltshire	129.3	11.5	28.1	168.9
Dorset	66.4	12.6	19.5	98.5
Heart of the South West	103.2	65.2	43.6	212.0
Cornwall and Isles of Scilly	48.9	11.3	18.0	78.2
South East and London				
Hertfordshire	199.2	22.3	44.0	265.5
Buckinghamshire Thames Valley	44.2	8.8	20.5	73.5
Oxfordshire	108.5	9.9	24.2	142.6
London	236.0	58.0	141.3	435.3
Thames Valley Berkshire	96.6	10.2	35.6	142.4
Enterprise M3	118.1	29.9	71.1	219.1
South East	444.2	46.1	102.7	593.0
Coast to Capital	202.4	35.8	66.1	304.3
Solent	124.8	27.1	31.0	182.9
Total	6,293.1	975.5	1,781.6	7,268.6

Source: Cabinet Office and Deputy Prime Minister's Office

* The South East Midlands and Northamptonshire LEPs have now merged; the South East Midlands total includes Northamptonshire's allocations from Growth Deals One and Two

Appendix 3: LEP board membership

The size and make-up of LEP executive boards varies, though board members are generally split roughly 50/50 between representatives from the private sector and the public sector. Public sector board members are generally local councillors. [The 2016 Budget](#) stated the government will require all LEPs to have a nominated Small Business Representative on their Board.

The average number of board members for each LEP is 15. The South East LEP, covering West Sussex, Kent and Essex has the largest board, with 27 members; the smallest boards are The Marches (covering Herefordshire, Shropshire and Telford & Wrekin) Worcestershire and Buckinghamshire Thames Valley, with 10 board members each.

Four LEPs boards have female chairs, Cheshire and Warrington, Greater Lincolnshire, South East Midlands and Gloucestershire.

The median number of full time equivalent staff employed by LEPs is 8.

The list below summarises the composition of all 39 LEP boards. The information was collected directly from each LEP's website and is correct as of May 2017.

1. [North Eastern](#)

The Board is chaired by Andrew Hodgson, CEO of Chief Executive Officer of Soil Machine Dynamics. The board includes 16 other directors, 9 from the private sector and 7 from the public sector.

2. [Cumbria](#)

The Board is chaired by George Beveridge, Deputy MD of Nuclear Management Partners (Sellafield) and is composed of 10 other directors, 5 from the private sector and 5 from the public sector.

3. [Tees Valley Unlimited](#)

The Board is chaired by Paul Booth OBE, President and Chairman of SABIC UK Petrochemicals Limited and is composed of 12 other directors, 6 from the public sector and 6 from the private sector.

4. [Business Inspired Growth: York, North Yorkshire and East Riding](#)

The Board is chaired by Barry Dodd CBE, MD of GSM Group and composed of 14 other directors, 7 from the private sector and 7 from the public sector.

5. [Lancashire Enterprise Partnership](#)

The Board is chaired by Edwin Booth, the Chairman of E H Booth & Co Ltd and is composed of 16 other directors, 10 from the private sector and 6 from the public sector.

6. [Leeds City Region](#)

The Board is chaired by Roger Marsh, currently Senior Partner at PwC in Leeds and is composed of 16 other directors, 8 from the private sector and 8 from the public sector.

7. [Liverpool City Region](#)

The Board is chaired by Asif Hamid, following Robert Hough stepping down in June 2016. The Board is composed of 14 other directors, 8 from the private sector and 6 from the public sector.

8. [Greater Manchester](#)

The Board is chaired by Mike Blackburn, North West Regional Director for BT, who also sits on the Lancashire LEP board. The Board is composed of 12 other directors, 7 from the private sector and 5 from the public sector.

9. [Humber](#)

The Board is chaired by Lord Haskins of Skidby, the former chairman of Northern Foods and Express Dairies and is composed of 19 other directors, 15 from the private sector and 4 from the public sector.

10. [Sheffield City Region](#)

The Board is chaired by Sir Nigel Knowles, Global Ambassador of DLA Piper and is composed of 17 other directors, 9 from the private sector and 8 from the public sector.

11. [Cheshire and Warrington](#)

The Board is chaired by Christine Gaskell, a former board member of Bentley Motors and is composed of 14 other directors, 11 from the private sector and 3 from the public sector.

12. [Derby, Derbyshire, Nottingham and Nottinghamshire](#)

The Board is chaired by Peter Richardson, retired CEO of Derbyshire Building Society and is composed of 16 other directors, 9 from the private sector and 7 from the public sector.

13. [Greater Lincolnshire](#)

The Board is chaired by Ursula Lidbetter, Chief Executive of the Lincolnshire Co-operative and is composed of 14 other directors, 7 from the private sector and 7 from the public sector.

14. [Stoke-on-Trent and Staffordshire](#)

The Board is chaired by David Frost CBE, former Director-General of the British Chambers of Commerce, and is composed of 16 other directors, 11 from the private sector and 5 from the public sector.

15. [Leicester and Leicestershire](#)

The Board is chaired by Nick Pulley, Regional Director, Santander Corporate Bank and is composed of 14 other directors, 11 from the private sector and 3 from the public sector.

16. [The Marches](#)

The Board is chaired by Graham Wynn, Chairman of the Telford Business Board and Chairman of the TTC Group and is composed of 9 other directors, 6 from the private sector and 3 from the public sector.

17. [Black Country](#)

The Board is chaired by Stewart Towe, Managing Director of the Hadley Group steel manufacturers and is composed of 12 other directors, 8 from the private sector and 4 from the public sector.

18. [Greater Birmingham and Solihull](#)

The Board is chaired by Steve Hollis, former Midlands chairman of KPMG and is composed of 17 other directors, 10 from the private sector and 7 from the public sector.

19. [Northamptonshire](#)

In August 2016, it was announced that the Northamptonshire LEP would merge with the South East Midlands LEP.

20. [South East Midlands](#)

The new South East Midlands LEP, incorporating the area previously covered by the Northamptonshire LEP became operational in October 2016.

The Board is chaired by Dr. Ann Limb, director of two other companies in the South East Midlands and is composed of 16 other directors, 8 from the private sector and 8 from the public sector.

21. [Greater Cambridge and Greater Peterborough](#)

The Board is chaired by Mark Reeve, the Managing Director of Chalcraft Construction and is composed of 12 other directors, 7 from the private sector and 5 from the public sector.

22. [New Anglia](#)

The Board is chaired by Mark Pendlington, group director at Anglian Water and is composed of 13 other directors, 7 from the private sector and 5 from the public sector.

23. [Coventry and Warwickshire](#)

The Board is chaired by Jonathan Browning, former President and CEO of Volkswagen Group of America and is composed of 15 other directors, 9 from the private sector and 6 from the public sector.

24. [Worcestershire](#)

The Board is chaired by Mark Stansfeld, chairman of giffgaff and is composed of 9 other directors, 6 from the private sector and 3 from the public sector.

25. [Gloucestershire](#)

The Board is chaired by Dr. Diane Savory, former CEO of fashion retailer SuperGroup PLC and is composed of 11 other directors, 9 from the private sector and 2 from the public sector.

26. [Hertfordshire](#)

The Board is chaired by Mark Bretton, a managing director at Accenture and is composed of 12 other directors, 8 from the private sector and 4 from the public sector.

27. [Buckinghamshire Thames Valley](#)

The Board is chaired by Andrew Smith, Director of Strategy and Communications at Pinewood Studios, and is composed of 9 other directors, 4 from the private sector and 5 from the public sector.

28. [Oxfordshire](#)

The Board is chaired by Jeremy Long, CEO for Europe of the railway and property group MTR Corporation, and is composed of 17 other directors, 11 from the private sector and 6 from the public sector.

29. [London](#)

The Board is chaired by Sadiq Khan, the Mayor of London; the Deputy Co-Chair is Rajesh Agrawal, the Deputy Mayor of London for Business. There are 14 other directors.

30. [Thames Valley Berkshire](#)

The Board is chaired by Peter Read, Non-Executive Chairman of the Airline Group and is composed of 20 other directors, 12 from the private sector and 8 from the public sector.

31. [West of England](#)

The Board is chaired by Professor Steve West, Vice-Chancellor of the University of the West of England and is composed of 12 other directors, 8 from the private sector and 4 from the public sector.

32. [Swindon and Wiltshire](#)

The Board is chaired by acting chair John Mortimer, South West Director of the Country Land & Business Association and is composed of 13 other directors, 9 from the private sector and 4 from the public sector.

33. [Enterprise M3](#)

The Board is chaired by Geoff French, former chairman of Scott Wilson Consulting Engineers and is composed of 18 other directors, 12 from the private sector and 6 from the public sector.

34. [South East](#)

The Board is chaired by Christian Brodie, Chair of the Student Loans Company and the Chair of the Council of the University of Sussex, with 3 vice chairs, 1 each from East Sussex, Essex and Kent and is composed of 26 other directors (spread across East Sussex, Essex and Kent), 14 from the private sector and 12 from the public sector.

35. [Coast to Capital](#)

The Board is chaired by Tim Wates, former vice-chair of the LEP who has held a number of roles at Wates Group Construction and is composed of 17 other directors, 12 from the private sector and 5 from the public sector.

36. [Solent](#)

The Board is chaired by Gary Jeffries, managing director of Hughes Ellard, a real estate consultancy and is composed of 13 other directors, 7 from the private sector and 6 from the public sector. Solent is the first LEP to have an elected board, with the 8 business representatives being elected by a panel of local businesses affiliated with the LEP.

37. [Dorset](#)

The Board is chaired by Gordon Page, former Chairman of Cobham plc. and Pro-Chancellor at Cranfield University and is composed of 17 other directors, 9 from the private sector and 8 from the public sector.

38. [Heart of the South West](#)

The Board is chaired by Steve Hindley, Chairman of Midas Group Ltd. and current chair of the CBI Construction Council, and is composed of 16 other directors, 9 from the private sector and 7 from the public sector.

39. [Cornwall and Isles of Scilly](#)

The Board is chaired by Mark Duddridge, former Managing Director of Ginsters and current board member of the Food Standards Agency and is composed of 13 other directors, 8 from the private sector and 5 from the public sector.

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