

The Rise of the LEPS – Briefing Note

December 2012

The Government's Autumn Statement 2012 significantly strengthens the role of Local Economic Partnerships (LEPs). The purpose of this briefing, thanks to Voluntary Sector North West, is to highlight for the voluntary and community sector:

- How the Autumn Statement 2012 has boosted LEPs.
- Forthcoming sub-regional Strategies for Local Growth.
- LEPs' role in future access to a national growth-related Single Funding Pot from 2015.
- The implications for future EU funding.

Growth plan required

Plan A, addressing the deficit, is failing. Government income is below forecasts. The recent Heseltine Review, No Stone Unturned (October 2012), politely fuelled the growing consensus that we do have an adequate growth strategy.

In response to this the Autumn Statement 2012 proposes a number of economic growth drivers; £5.5billion for capital investment in transport and school buildings; a re-emphasised skills agenda; 1% cut in corporation tax and the rise of the LEPs. The latter, the focus of this briefing, comes partly in response to Heseltine but also on the back of a growing conviction, by Government and to an extent by local authorities, that City Deals and other similar local-national conversations, like the Portas Town initiatives and even whole-place Community Budgets, are a good way to drive growth.

Stronger LEPs

So what's changed? As a consequence of the Autumn Statement 2012, each LEP will:

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- Develop and oversee a Strategic Plan for Local Growth in each LEP area.
- Have access to core funding to develop and oversee these plans.
- Expect local authorities to ensure there are proper accountability structures in place for the strategic plan. This should give LEPs a weightier mandate.
- Through their strategic plan for growth, shape the priorities of a national growth-related, single funding pot.
- Be the vehicle to access the single funding pot, expected to start in 2015.
- Have a strategic role in skills through national strategies.
- Determine how EU funds are used locally.
- Nominate one infrastructure project for a reduced public works loan.

What does this mean?

In terms of local economic growth agenda, the Autumn Statement 2012 has done three things of note. It has:

- Given the status of LEPs, the conjunction of business and councils, a massive boost.
- Raised serious questions about how the VCS, especially groups and communities of greatest need, will access the next round of EU funding 2014/20.
- Officially put the future of what local economic planning looks like back on the table and in the balance, definitely tipped but in the balance: there is a structure for discussion on the way.
- The key message becomes: make sure you know how to engage with your LEP.

Economic growth debate

The challenge for local areas will be to make future investment stick and work hard for all. This can't, as CLES put it, "simply lead to a return to our unsuccessful past in terms of economic development"; it must lead to a socially just future that addresses inequality and tackles poverty.

The critical factor in all of this may well be the extent to which the Autumn Statement's proposed Single Funding Pot from Whitehall, starting in 2015, is a holistic growth funding pot:

- Will it look like a pot for LEPs are they are now?
- Will it be a means to absorb EU funding into simplistic, less-effective job

- creation schemes like the Regional Growth Fund?
- Or will it enable the kinds of activity that Whole-place Budgets are looking to do?

As stated, the Autumn Statement 2012 has potentially restarted a genuine debate about economic growth and our communities: our sector should have a renewed opportunity to influence that conversation, locally and nationally. One East Midlands, and our partners, will of course be working on this.

Government's response to the Heseltine Review

The Autumn Statement 2012 includes the first stage of the Government's response to Lord Heseltine's Review No Stone Unturned (October 2012).

In terms of LEPS, the Autumn Statement includes:

- **Developing and overseeing Strategic Plans for Local Growth in each LEP area** – LEPS, which bring together local leaders and businesses, will be asked by the Government to lead the development of new strategic plans for local growth consistent with national priorities. In developing the plans, LEPS will be expected to consult with all relevant local partners, including the local chambers of commerce and other business bodies. These multi-year plans will build on any existing plans and include coordination with ongoing public programmes. It is expected that local authorities or other bodies, and not LEPS, will deliver programmes and projects, ensuring that there are proper accountability structures in place.
- **Funding for LEPS to develop and over-see Strategic Plans for Local Growth** – The government will provide £10million per year for capacity building within LEPS. Each LEP will be able to apply for up to £250,000 additional funding per year to support the development and delivery of their strategic plan.
- **LEP plans will shape access to a national growth-related, single funding pot** – The Government will devolve a greater proportion of growth-related spending on the basis of these strategic plans developed by LEPS by creating a single funding pot for local areas from April 2015. funding will reflect the quality of strategic proposals put forward by LEPS, as well as local need. When developing the plans, LEPS will be expected to seek leverage funding, including from local authorities and the wider public and private sector. The government will seek to increase the proportion of spending that is awarded through the single funding pot based on Lord Heseltine's recommendations. This is likely to include some of the funding for local transport, housing, schemes to get people back

into work, skills and any additional local growth funding. Further details will be set out in the Spending Review (Spring 2013). In line with Lord Heseltine's recommendations, the Government will take the opportunity to streamline its management of the EU Common Strategic Framework funds in England, aligning priorities on the basis of the plans led by LEPs.

- **LEPs to have a strategic role in skills policy** – In order to make the education and skills system more effective and responsive to the needs of employers, the Government will give LEPs a new strategic role in skills policy in line with the recommendations of the Heseltine Review. LEPs will be given a role setting skills strategies consistent with national objectives, and chartered status for FE colleges will be linked to having taken account of the skills priorities of local LEPs. In addition, the Government will encourage LEPs to have a seat on FE colleges' governing bodies, with colleges represented on LEP bodies. LEPs will also be able to determine how the EU Common Strategic Framework funds, including the European Social Fund, are used locally and will be able to bring bidders together to access Employer Ownership Pilot funding. 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 borrowed capped at £1.5billion. The Government will also provide a further £350million towards the Regional Growth Fund, to provide support for jobs and growth across England until the end of this Parliament. According to BIS, this means £2.75billion will be available in 2012/13. Applications have previously required a LEP endorsement.

Further details of the Single Funding Pot, and the ambition, are expected to be announced when the Government's full response to the Heseltine Review is given in next year's Spending Review.

One East Midlands

One East Midlands is the regional voluntary and community sector infrastructure organisation for the East Midlands. We work to ensure that the voluntary and community sector is actively engaged with key regional bodies and other partners, from across the public, statutory, business and social enterprise sectors. We bring together organisations that support voluntary and community groups across the region to influence and shape policy, improve services and provide a point of contact at a regional level.

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