

TELFORD AND WREKIN COUNCIL

CABINET - 14th SEPTEMBER 2010

**A LOCAL ENTERPRISE PARTNERSHIP FOR HEREFORDSHIRE, SHROPSHIRE,
TELFORD AND WREKIN (MARCHES ENTERPRISE PARTNERSHIP)**

REPORT OF HEAD OF ECONOMIC DEVELOPMENT

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 The government invited outline proposals from ‘partnerships of local authorities and business’ to establish Local Enterprise Partnerships by 6th September 2010. This report sets out details of an outline proposal for a Local Enterprise Partnership submitted on behalf of Herefordshire, Shropshire and Telford and Wrekin (Marches Enterprise Partnership).

2. RECOMMENDATIONS

- 2.1 **To endorse the outline proposal for a Local Enterprise Partnership submitted on behalf of Herefordshire, Shropshire, and Telford and Wrekin**
- 2.2 **To agree to the further development and implementation of that proposal if endorsed by government**

3. SUMMARY IMPACT ASSESSMENT

IMPACT ASSESSMENT AT A GLANCE	
COMMUNITY IMPACT?	Do these proposals contribute to specific Priority Plan objective(s)?
	Yes <i>Supports the delivery of all objectives within the Housing, Regeneration and Prosperity Priority Plan</i>
	Are there any measures that will be used to show the proposals are making a difference?
	No <i>The Local Enterprise Partnership if approved will develop delivery priorities – specific measures would be developed to judge the impact of that delivery</i>
	Will the proposals impact on specific groups of people?
	Yes <i>The Local Enterprise Partnership will support the development of the local economy for the benefit</i>

		<i>of businesses and residents in or seeking employment</i>
TARGET COMPLETION/DELIVERY DATE?	<i>The timetable for the development and implementation of Local Enterprise Partnerships will be set out in legislation published in the autumn of 2010</i>	
FINANCIAL (VALUE FOR MONEY) IMPACT?	Yes	<i>Subject to endorsement by government, and the details of legislation due in Autumn 2010, a full proposal and a supporting bid to the Regional Growth fund will be developed. At that stage a further report will be brought to Cabinet setting out full legal and financial implications.</i>
LEGAL IMPACT?	Yes	<i>Subject to endorsement by government, and the details of legislation due in Autumn 2010, a full proposal and a supporting bid to the Regional Growth fund will be developed. At that stage a further report will be brought to Cabinet setting out full legal and financial implications.</i>
OTHER RISKS & OPPORTUNITIES¹?	Yes	<i>The Local Enterprise Partnership will offer the opportunity to secure additional powers and resources to deliver effective economic regeneration</i>
IMPACT ON SPECIFIC WARDS?	No	<i>The Local Enterprise Partnership offers the opportunity to develop the economy of the whole Borough more effectively</i>

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

4.1 In a letter to local authority leaders and Chief Executives and business leaders dated 29th June 2010, the government invited 'partnerships of local authorities and business' to submit outline proposals to establish Local Enterprise Partnerships by 6th September 2010. The letter set out how Local Enterprise Partnerships will take on some of the functions of the Regional Development Agencies (RDAs), due to be abolished by 2012.

LEPs would:

- "Provide strategic leadership in their areas to set out local economic priorities" but also tackle issues in planning, housing, local transport and infrastructure priorities, employment and enterprise.
- Have a 50:50 split between local authority and business representatives on the board, with a business sector chair
- Cover "functional economic areas"
- Have to cover their own day to day running costs. Further consideration is being given to how they will access government funding (but this would include the newly announced Regional Growth Fund)

4.2 Legislation to abolish RDAs and provide for Local Enterprise Partnerships will be introduced in the autumn

The Herefordshire, Shropshire and Telford and Wrekin Local Enterprise Partnership outline proposal

4.3 The Local Authority Leaders Board for the region had previously proposed Herefordshire, Shropshire and Telford and Wrekin as a sub region, for the purposes of developing a sub regional economic assessment. Following the invitation by government, the Leaders and Chief Executives of the three unitary authorities committed to developing proposals for a Local Enterprise Partnership, the business boards in the three areas (including the Telford and Wrekin Economic Development Board) confirmed private sector support, and an outline proposal was submitted to the Secretaries of State on 4th August 2010.

4.4 A copy of that outline submission is contained at Appendix 1. In summary:

4.5 The proposal sets out the rationale for the Marches Enterprise Partnership and is focused on the area covered by the unitary authorities of Herefordshire, Shropshire and Telford & Wrekin.

4.6 The proposal has been submitted jointly by the Leaders of the 3 local authorities and the chairs of the 3 county level business boards. The submission has the backing of Shropshire & Telford and Hereford & Worcester Chambers of Commerce as well as the Country Land and Business Association and has generated significant levels of support from

independent and influential members of the local business community including some of the areas' major employers. It represents a cohesive bid which has the support of all the key partners.

- 4.7 The area covered by the Marches Enterprise Partnership is a natural economic geography in the West Midlands which can demonstrate a successful track record of proactive and effective joint working between areas, business and local government.
- 4.8 The Marches Enterprise Partnership aims to create the conditions for enterprise to flourish and will improve the economic prosperity of the Marches area by influencing the drivers of economic development including housing, transport, infrastructure, broadband availability, inward investment and skills. It will engage in cluster development and business support, promote innovation and encourage graduate retention. It will build on high levels of enterprise and home working across the area and maximise the value of our natural and economic assets in an environmentally sustainable way.
- 4.9 In doing this it hopes to overcome the current dependence on the public sector to provide the areas jobs which, at over 28% of total employment, exceeds the national average.
- 4.10 It is proposed to resource activities through transfer of Regional Development Agency and Homes and Community Agency assets, making more flexible use of business rates and council tax, managing and optimising the availability of European Funding and the Regional Growth Fund. This will complement existing investment from the local authorities.
- 4.11 There is a clear intention to not develop additional bureaucracy and therefore, the structure of the Marches Enterprise Partnership will build on some of the existing structures which are successfully engaging the business community. The Marches Enterprise Partnership will be led by a small executive board with 50/50 private/public representation. It will be chaired by a leading business figure with the gravitas to influence all sectors of the local business community and with connections beyond our boundaries that ensure the profile of the area is maximised on a national stage. It will make the most of the range of local networks and support organisations that exist to ensure the fully representative engagement with business. However, by keeping the executive function small, swift and informed decision making will result in timely and effective delivery.
- 4.12 The proposal raises a number of issues that relate to areas of Government Policy that are still emerging. We are therefore requesting an early dialogue with Government to jointly develop the proposal further with a view to having a clear and deliverable plan of action agreed early in 2011.

Next steps

- 4.13 The outline proposal is an expression of interest and commitment from the local authorities and business in the Marches area to develop a Local Enterprise Partnership. Subject to endorsement by government, and the details of legislation due in Autumn 2010, a full proposal and a supporting bid

to the Regional Growth fund will be developed. At that stage a further report will be brought to Cabinet setting out full legal and financial implications.

5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

Legal impact

- 5.1 We await draft legislation in respect of LEP's. This is expected in Autumn 2010 and will answer some of the unanswered legal questions such as:
- what powers should the Council rely upon in participating in a LEP?
 - How is the transfer of assets to be dealt with? By statutory transfer or piecemeal transfer?
 - What, if any, functions of the existing RDA's will be transferred to local authorities/LEP's and will there be staff and TUPE issues ?
 - What statutory powers will the Council be relying on?
- 5.2 A practical, legal and financial appraisal of the proposals is recommended as soon as more detail is known, to include the nature of the assets, what potential liabilities attach to them, and what the costs of transfer may be in terms of professional and other fees and taxes (if any).
- 5.3 The partnership will require professional support and agreements will need to be in place to govern that support.
- 5.4 Appropriate legal agreements should also be used to govern particular transactions such as the provision of finance to new business start ups, and commissioning arrangements.
- 5.5 Further legal advice will be required as to whether the Public Contracts Regulations 2006 will apply to the partnership's commissioning activities.
- 5.6 Legal Services should be consulted further regarding governance issues for the partnership. Care needs to be taken to structure the partnership so as to keep a light touch, action based approach, whilst still minimising liabilities of the members of the partnerships, and minimising potential personal and organisational liability.
- 5.7 Even at the developmental stage it is recommended that governance is addressed and that terms of reference, or a constitution for the LEP is agreed. These documents need not be complex to be effective.

Financial impact

- 5.8 At this point in time it is understood that the proposal is an expression of interest. If this is approved and a full proposal is developed than a full assessment of the risks around the transfer, management of assets and

funding will need to be undertaken. This should include a review of European Funding, the rural development programme and the allocation of funding.

6. PREVIOUS MINUTES

6.1 Nil

7. BACKGROUND PAPERS

- 7.1
- i. Letter from the Secretaries of State for Communities and Local Government and Business Innovation and Skills, to Local Authority Leaders and business leaders dated 29th June 2010, entitled 'Local enterprise partnerships'.
 - ii. The Marches Local Enterprise Partnership Proposal, August 2010