



Report to the Joint Overview and Scrutiny Committee

Meeting Date – 26th February 2024
Key Decision – No
Public/Private – Public

Portfolio – Cllr Mark Fryer, Cumberland Council
Cllr Jonathan Brook, Westmorland and Furness Council

Directorate – Place, Sustainable Growth and Transport – Cumberland Council
Thriving Places – Westmorland and Furness Council

Lead Officer – Darren Crossley – Director of Place, Sustainable Growth and Transport (Cumberland Council)
Angela Jones – Director of Thriving Places (Westmorland and Furness Council)

Title – Integration of LEP activities to Local Authorities

Summary:

This report provides an update following the Government announcement that it would cease to provide core funding the LEPs from 1 April 2024 and instead would support local authorities to take on the functions currently delivered by LEPs. This reports provides an overview of the plans and activity to integrate Cumbria LEP functions into the Local Authorities, following the latest Government guidance.

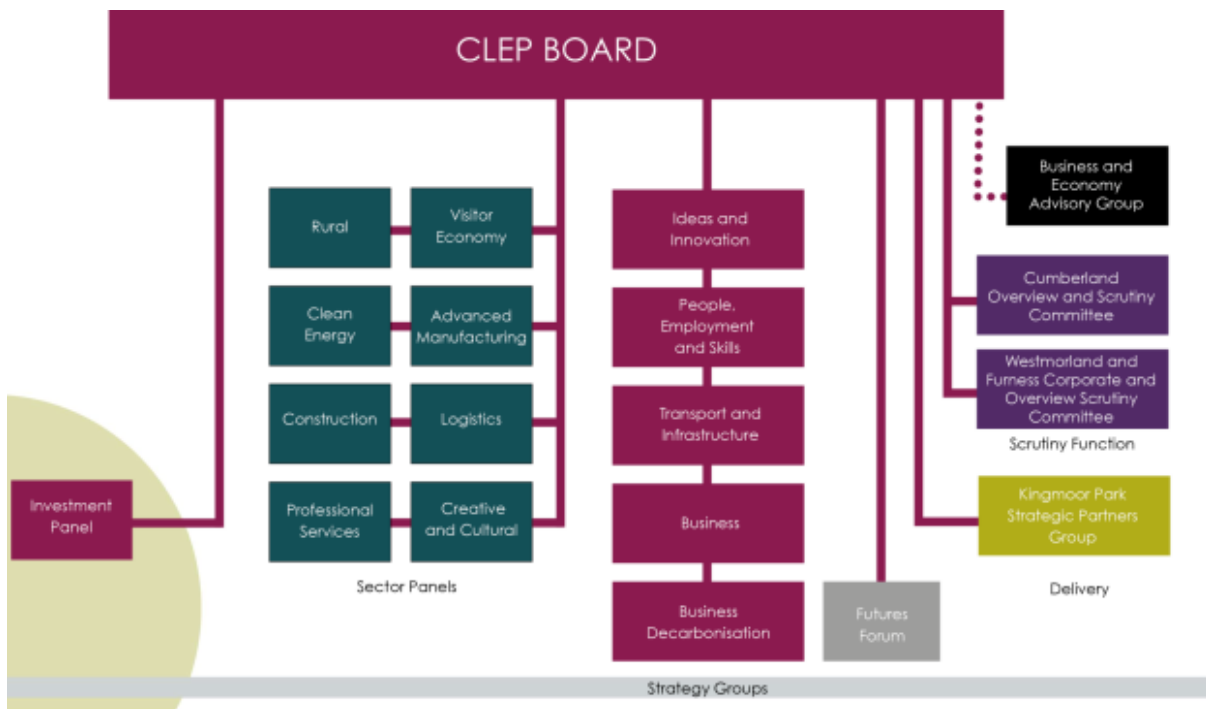
Recommendations:

It is recommended that Joint Overview and Scrutiny Committee note and comment on the activity to integrate LEP activities to Local Authorities for Cumberland and Westmorland and Furness Councils.

1. Background

Role of Local Enterprise Partnerships (LEPs)

- 1.1 Local Enterprise Partnerships (LEP) are the bodies across England tasked with leading economic growth activities in their local areas. The Cumbria Local Enterprise Partnership (CLEP) operates across the whole of the Cumbria footprint and has been in existence since 2014.
- 1.2 Following a ministerial review of LEPs, the Government published the ‘Strengthened Local Enterprise Partnerships’ Report in July 2018. The report set out a number of recommendations around governance and operation including the need for LEPs to have a legal personality and a single accountable body.
- 1.3 CLEP became a company limited by guarantee in December 2018, and shortly after all of Cumbria’s then Local Authorities holding corporate membership and, as members, were entitled to appoint directors. Following LGR, both Westmorland and Furness and Cumberland have acceded to the Board with the Leader of Westmorland and Furness now holding the position of Vice Chair, reflecting the financial assurance responsibilities that the authority has assumed in its accountable body role.
- 1.4 CLEP has an extensive governance structure reflecting its responsibilities for strategy, investment, delivery, co-ordination and advocacy. The current structure is set out in the following diagram;



- 1.5 CLEP’s role as the strategic lead for economic growth has resulted in the production of a number of key policies and plans, all of which have been consulted on widely and

ensured input and ownership from business, the third sector and public sector partners. Most recently, it developed *Restart, Reboot, Rethink* in response to the need to deliver post-pandemic economic recovery.

- 1.6 CLEP also leads on specialist economic intelligence and modelling work, partnering with Local Authority officers. Activity includes the purchase, management and analysis of key datasets including Experian forecasts and the DfE Data Cube.
- 1.7 LEPs were originally established to facilitate the management of major capital funding programmes in local areas. In total, almost £80m of Government funding was delivered in Cumbria by CLEP between 2015 and 2021, mainly across the following key programmes;
 - Cumbria Infrastructure Fund (Growing Places Fund) – A £6.16m evergreen, revolving investment fund which was originally focussed on creating jobs and homes. All funding has been invested and is in the repayment stage which leaves it as ‘recycled, clean’ money for more flexible future investments.
 - Growth Deal (Local Growth Fund) – £60.3m capital programme which is financially complete and in the benefits realisation stage with regular reporting to Government until March 2025. Growth Deal supported a range of projects including Barrow Waterfront, investment in flood defence works at strategic employment sites and creation of new skills facilities.
 - Getting Building Fund – A £10.5m capital programme which is financially complete and in the benefits realisation stage with regular reporting to Government until March 2025. The programme supported two projects – A595 improvements at Bothel and Marina Village.
 - Northern Cultural Regeneration Fund – £15m legacy fund launched by the Department for Culture, Media and Sport (DCMS) in August 2017. Its primary funding goals are to encourage sustainable cultural and creative regeneration in the North of England and to benefit areas in the North of England that have historically had low levels of cultural and creative investment
- 1.8 There are other key programmes such as Growing our Potential and Northern Cultural Regeneration Fund, funded by the Cumbria Infrastructure Fund (CIF). CIF was established to promote the delivery of key infrastructure needed to unlock developments that help to generate jobs and homes. The CIF totalling £6.1m came to an end on 31st March 2023.
- 1.9 Cumbria County Council acted as Accountable Body for CLEP from its inception. This wide-ranging role incorporated significant support to CLEP in terms of assessment, assurance, programme financial management, contracting, monitoring and reporting. After LGR, Westmorland and Furness Council has taken over this role. Whilst the majority of the capital programmes are financially complete, the Council continues to provide support ongoing monitoring, reporting and compliance support.
- 1.10 More recently, Government has elected to channel larger economic growth programmes such as UK Shared Prosperity Fund (UKSPF) through Local
- 1.11 Authorities and LEPs have transitioned to deliver revenue-based, specialist skills and business programmes. Westmorland and Furness Council, through its Assurance and

Economic Programmes Team, currently acts as Accountable Body for a number of these and provides ongoing support for their compliant management. These current programmes are as follows;

- **Growth Hub** – Delivery of the Government’s ‘free at the point of access’ business support service. CLEP received £0.231m for 2023/24 to deliver a range of low, medium and high intensity assists through a combination of in-house and sub-contracted provision.
- **Careers Hub** – Supported by DfE and local match funding, the Hubs bring together a range of education, local authority and business partners to deliver high quality careers advice to help young people prepare for the next step on their learning or employment journey. The budget for 2023/24 is circa £0.2m.
- **Skills Bootcamps** – Provision of flexible courses of up to 16 weeks to help people aged 19+ achieve sector-specific skills between levels 3-5 and fast-track to an interview with a local employer. Valued at circa £1m p.a. CLEP is currently delivering Wave 4 with discussions in place regarding Wave 5 for 2024/25.
- **Department for Business and Trade Key Account Management** –£50,000 p.a. to engage with and maintain effective relationships with key foreign-owned businesses.
- **Innovating for Success** - £1m programme utilising recycled funding from the Cumbria Infrastructure Fund focusing on innovation and decarbonisation in businesses. Programme has supported 32 businesses and is in the benefits realisation phase.
- **Barrow Town Deal Business Support** - £0.5m contract via Barrow Town Deal to deliver a range of business support services aimed at adding value to Growth Hub provision and supporting growth in key local sectors.

2. Future of LEPs – Transfer of Functions to Local Authorities

- 2.1 CLEP has been in existence since 2014, however on 17 March 2023 Government launched a consultation into the ‘Future of LEPs’ noting ‘it was minded’ to cease core funding to LEPs and to integrate LEP functions into local democratic institutions in line with government’s commitment to extend devolution across England.
- 2.2 On 4 August 2023, the Government announced that it would cease to provide core funding the LEPs from 1 April 2024 and it would support local authorities to take on the functions currently delivered by LEPs. Government support local authorities to deliver the core functions currently delivered by LEPs – namely, business representation, local economic planning, and the delivery of government programmes where directed.
- 2.3 Government expects these functions to be exercised by upper tier local authorities (working in collaboration with other upper tier local authorities as appropriate), where they are not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed.

- 2.4 To support the policy change, Government published technical guidance in August 2023 and on 19th December 2023 published the final piece of guidance on the core functions of business representation and local economic planning. Both guidance documents should be used by local authorities in developing their integration and delivery plans for 2024/25 and beyond.
- 2.5 A letter from Minister Young and Minister Hollinrake dated 19th December is attached as Appendix A, the letter contains the links to the guidance available and confirms Government will provide up to £240,000 to a single local authority who will act as the Accountable Body, and deliver the functions previously delivered by LEPs – namely business representation, local economic planning, and the delivery of Government programmes where directed – subject to final business case and integration plan approvals.
- 2.6 This core funding is separate to any programme funding that may be provided to support the delivery of, for example, Growth Hubs or Careers Hubs. Funding for the delivery of Government programmes as directed will be communicated to authorities by the responsible Government department or body as per usual processes
- 2.7 The guidance sets out the following key messages;
- That government's sponsorship and core funding of LEPs will cease in April 2024.
 - LEPs may continue to operate as private enterprises but government will no longer fund LEP's and will instead support local authorities to take on LEPs core functions, namely business representation, strategic economic planning and responsibility for the delivery of government funded programmes where directed.
 - The creation of an Economic Growth Board for a functional economic area (FEA) geography (minimum 500,000 population) made up of local business leaders and representative bodies to create an economic strategy for the area.
 - Government expects areas to publish their (existing, new, or updated) strategy within six months of receiving funding. The strategy should be published on the combined authority website or where multiple upper tier local authorities are working together, the authority appointed to be the accountable body should publish the strategy on their website.
 - Delivery of Growth Hub Activity - Local Authorities are expected to work together to ensure seamless Growth Hub provision across the area, which will continue to support businesses and to provide a convening point for broader business support provision. The delivery area must be broadly related to the business and economic area footprint.
 - Delivery of Careers Hubs – Local Authorities to work together to ensure Careers Hubs delivery continues so far as possible over existing geographies.
 - Management of Legacy Capital Programmes – the Accountable Body to be responsible for ongoing monitoring requirements.

- Existing Enterprise Zones - The future functioning, management, and governance of these should be agreed locally, in line with any pre-existing arrangements and to ensure a smooth transition of operation and funding

2.8 At the Joint Executive Committee (JEC) on 13th November 2023 the JEC noted that further work would be required to develop the transitional arrangements between Cumbria Local Enterprise Partnership and the Joint Executive Committee before 31 March 2024 and to plan for further integration beyond 1 April 2024.

2.8 On 13th November 2023, the Joint Executive Committee (JEC) agreed the following recommendations:

- That the Joint Executive Committee is the best governance structure to take on responsibility for the transition of LEP functions to the two Authorities to continue on a Cumbria geographical footprint and the delivery of those functions across Cumbria and recommends to the Cumberland Executive and the Westmorland and Furness Cabinet that they agree a change to the terms of reference of the Joint Executive Committee to reflect this
- To the continuation of the Accountable Body and Assurance Team operating as a hosted service under the Inter Authority Agreement to support the management of LEP legacy funding and management of future funding from 1st April 2024 and to amend the Service Schedule in the Inter Authority Agreement relating to the Accountable Body and Assurance Team to reflect this.
- Delegating authority to the Chief Executives of both Authorities in consultation with the Leaders of the Councils for approval of the integration plan for submission by 30th November 2023
- Note that further work will be required to develop the transitional arrangements between CLEP and the Joint Executive Committee before 31 March 2024 and to plan for further integration beyond 1 April 2024.

3. Programme to integrate LEP activities into Local Authorities for Cumberland and Westmorland and Furness Councils

3.1. Since the Joint Executive Committee decision and on receipt of more detailed Government guidance, senior officers from Cumberland and Westmorland and Furness Councils are working closely with the CLEP to develop a transition programme to integrate LEP activities into Cumberland and Westmorland and Furness Councils by 1st April 2024.

3.2. This has included an overarching LEP Integration Programme Board and setting up the following core workstreams:

- a) **Assurance and Contracts** led by Assistant Chief Executive, Westmorland and Furness Council

- b) **Finance** led by Section 151 Officers in Cumberland and Westmorland and Furness Councils
- c) **Staffing and TUPE** led by Assistant Director HR and OD, Cumberland Council and working with Cumbria LEP as transferor.
- d) **Joint Executive Committee and Economic Growth Board** led by Director of Place, Sustainable Growth and Transport, Cumberland Council and Director of Thriving Places, Westmorland and Furness Council, working with the CLEP Board and a small CLEP working group.
- e) **Communications and Website** led by Communications and Digital teams

3.3. Each Workstream is currently identifying and delivering on critical activities for 1st April 2024, whilst also acknowledging the actions that will fall post-1st April 2024 to deliver on the Implementation Plan.

3.4. Key activities to implement ahead of 1st April 2024 include:

- Staff engagement and transfer of Cumbria LEP staff in accordance with the TUPE Regulations, with CLEP as the transferor and Cumberland Council as the transferee.
- Understanding the current CLEP budgetary position, resolving the Cumbria LEP Company Status and an approach towards assets and liabilities between the two authorities
- Established governance to ensure that the Joint Executive Committee can provide the basis for joint working and collaboration on strategic economic growth across the Cumbria geography
- Development of a SLA between Cumberland and Westmorland and Furness Councils for the Accountable Body and Economic Programmes Team, currently hosted within Westmorland and Furness Council, to take into account the changes in Accountable Body and Assurance arrangements as a result of the LEP sitting within a Local Authority on a pan-Cumbria basis
- Establish a website and ensure robust communications across both authorities and wider public

Governance

3.5 The Chief Executives of both Authorities in consultation with the Leaders of the Councils submitted the integration plan into central government, noting that further work will be required to develop the transitional arrangements between CLEP and JEC before 31st March 2024. A report will be considered at JEC on 28th March 2024.

3.6 The governance arrangements will lead to the CLEP Board transitioning to a Cumbria Economic Growth Board with transfer of LEP functions to Cumberland Council. Westmorland and Furness will retain responsibilities for an Assurance function.

- 3.7 Until there is a full transition of functions, the current CLEP Board members and associated sub-groups have been asked if they will continue to be the primary consultative and advisory body on strategic economic growth for the functional economic area of Cumbria, providing insight and advice in shaping the future Cumbria Economic Growth Board and any sub-boards/advisory groups. There is ongoing dialogue with the CLEP Board on these arrangements.
- 3.8 The interim governance structure will also include the Joint Officer Board. The proposal is for the Joint Executive Board to set the strategic direction and oversight of the Cumbria-wide core economic functions formerly delivered by Cumbria LEP, namely business representation, strategic economic planning, and responsibility for the delivery of government programmes where directed.
- 3.9 To ensure seamless delivery of LEP programmes and functions, the delivery arm will take place through the Cumbria Economic Growth Team as the Accountable Body within Cumberland Council operating on a pan-Cumbria basis (currently the Cumbria LEP team). Westmorland and Furness Council will continue to provide monitoring and assurance pertaining to existing CLEP programmes and funds for which LEPs are responsible. This assurance will be provided the Section 151 Officer in Cumberland Council, as the proposed Accountable Body.
- 3.10 The Joint Executive committee will provide a strong voice for the Economic Functional Area (EFA) of Cumbria on strategically important economic issues and influence, and align government, public and private investment. If any devolution arrangements are progressed, the Joint Executive Committee will evolve more formally into a Level 1 Joint Committee, where Local authorities work together across a Functional Economic Area, which then enables the constituent councils to proceed through the steps necessary to meet the governance requirements for a Level 2 or Level 3 devolution deal.
- 3.11 It is proposed that the Joint Executive Committee will have oversight and monitor the budget for the Cumbria wide economic growth functions, the management of which is the responsibility of the Accountable Body. The committee will also have oversight, monitoring and review of the Cumbria wide economic programmes, grants, assets, functions and programmes transferred from the LEP and oversight of any new funding, programmes or grants as directed by Government or agreed by the Joint Executive Committee.
- 3.12 On the 28th March 2024, the Joint Executive Committee will be asked to:
- To agree that the Joint Executive Committee will have oversight of the transfer and future delivery of the LEP functions, assets and responsibilities (in accordance with recent Government decisions).

- To agree that Cumberland Council is the Delivery Authority and Accountable Body to discharge the functions and responsibilities and ensure a seamless transition.
 - To amend the Terms of Reference to provide the basis for joint working and collaboration on strategic economic growth across the Cumbria geography.
- 3.13 Following this approach, the Joint Overview and Scrutiny Committee would also provide overview and scrutiny in respect of those functions exercised by the Joint Executive Committee.

Future / Look Ahead

- 3.14 It is proposed that to comply with the Government guidance a Cumbria Economic Growth Board (CEGB) will be formed, as a partnership of key stakeholders from the public, private and third sector with a scope and remit across all areas of inclusive growth in Cumbria. The primary role of the CEGB will be to provide a business sector perspective and strategic insight and advice on the Cumbria wide economic programmes and initiatives, shaping business, trade and investment support around local business and economic needs.
- 3.15 This Board will fulfil the principles set out in the Government's guidance ensuring that there is a business voice within a democratically accountable governance structure, and will support the integration of LEP functions into Local Authority. A series of thematic sub boards and advisory groups will sit underneath the Economic Growth Board. The sub boards and advisory groups will provide a powerful business voice, for the wider business community and representatives of key economic growth sectors. The sub boards and advisory groups will include organisations, businesses, and individuals with the ability to identify and respond to local economic challenges and opportunities.
- 3.16 Through an open and transparent appointment process, applying Nolan principles, the Joint Executive Committee will be expected to appoint the Members, Chair and Vice Chair of the Cumbria Economic Growth Board and agree the Terms of Reference.
- 3.17 Government expects areas to publish their economic strategy within six months of receiving funding to support the development of Economic Functional Areas (EFAs). The strategy should be published on the authority's website which will act as the Accountable Body. The Economic Growth Board and affiliated sub-groups is expected to lead and shape the development and delivery of relevant pan Cumbria economic strategies and interventions, including the Cumbria Economic Growth Strategy. The strategy will be approved by the Joint Executive Committee.
- 3.18 Each authority will continue to lead and deliver economic development within their own geographies. Examples include economic development and inclusive growth activities,

economic growth strategies, programmes, projects, town deals, UK Shared Prosperity Fund (UKSPF), Strategic Infrastructure and Local Plan.

4. Proposals

4.1. Not applicable, the report is to note and comment on transition activity.

5. Alternative options considered

5.1. Not applicable, the report is to note and comment on transition activity.

6. Conclusion and reasons for recommendations

6.1. Not applicable, the report is to note and comment on transition activity.

Implications: Not applicable.

Contribution to the Cumberland Plan Priorities - Cumberland Council's vision is that it takes a fresh approach to the delivery of inclusive services that are shared by residents and communities. By enabling positive outcomes for health and wellbeing, prosperity and the environment, it is possible to fulfil the potential of people and area.

The Council believes passionately in the delivery of excellent public services, and in order to this it is essential to be clear about the values and behaviours needed to drive change and achieve high standards.

Contribution to the Westmorland and Furness Plan Priorities -

Westmorland and Furness vision is to be 'a great place to live, work and thrive' and will work collaboratively with partners, communities, and residents to deliver the best outcomes for all. Our priority is for sustainable, inclusive, economic growth, with:

- opportunities for jobs, learning, skills and enterprise
- a sustainable, inclusive, diverse, economy
- a growing work force and high quality jobs
- support to encourage business creation
- improved infrastructure and connectivity

This is essential in our drive to support the delivery of services which underpin our quality of life, as well as helping us retain our young people and attract investment and skilled people

Relevant Risks – Risks are currently being identified and monitored as part of the Programme management approach.

Consultation / Engagement – Both authorities are engaging with the Cumbria LEP to develop the transitional arrangements as part of the programme governance approach.

Legal – Legal Services are providing legal advice relating to the Governance, decision making and the legal agreements required to support the proposals relating to the LEP Integration. The Legal implications of the LEP transition are being worked through as part of the overall programme. More detail on the proposed legal implications will be included in the LEP transition report to both the Cabinet and the Joint Executive Committee in March 2024.

Finance – The financial implications of the LEP transition are being worked through as part of the overall programme. Both section 151 Officers are working together to ensure the accountabilities and financial transactions required from the transition are effectively actioned. More detail on the proposed financial implications will be included in the LEP transition report to the JEC on 28th March.

Information Governance – There aren't direct information governance implications.

Impact Assessments –

Have you screened the decision for impacts using the Impact Assessment? **N/A**

If you have not screened the decision using the Impact Assessment, please explain your reason. **Not key decision**

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Appendices attached to report:

Appendix 1 – Letter from Government on the transfer of LEP functions

Background papers:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers: